

DISTRIBUTION OF ARTIST-DRIVEN FILM AND VIDEO

Prepared by Howard Krosnick

For the Canada Council for the Arts Media Arts Section

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Howard Krosnick
6261 Avenue Notre-Dame-de-Grâce
Montreal, Quebec H4B 1L2
hkrosnick@sympatico.ca
514-346-0927

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Executive Summary

The Canada Council Media Arts section supports ten distributors with annual operating grants. Collectively these distributors play a substantial role in enriching the cultural life of Canadians and in representing Canadian culture around the world. They make contemporary media arts accessible by linking over 8,000 works by more than 3,000 Canadian media artists to a variety of vibrant outlets for diffusion in Canada and internationally. Driven by cultural imperatives, they are artist-run and through their business activities return substantial royalties to artists. They are irreplaceable resources – no purely commercial distributors driven by demands for profitability would be willing or able to play their role. However, in an increasingly competitive and globalized arts environment they are prone to difficulties that threaten their organizational health and sustainability.

Most distributors are of a limited size that makes it difficult for them to achieve the results desired by the artists they represent. Excellence in distribution is hard to achieve, and especially so when working with films and videos which are made for reasons of artistic expression rather than to meet market needs. The people working in the distribution organizations are dedicated, knowledgeable and hard working and know that they cannot do as good a job of marketing and distribution as they are capable of and want to realize. Distributors are torn between their roles as marketers and sales people and as providers of a cultural public service and educators.

There is no mass market for this type of product – there are only niches and niches-of-niches. This requires of the marketer to understand and build relationships in multiple domains – in Canada and abroad, in English and French, in markets as diverse as festivals, cinemas, cinemathèques, galleries, museums, secondary and post-secondary education, community organizations, public and post-secondary libraries, television, and the home consumer.

Trends in distribution are moving in two complementary directions – toward the very large and the very small. Standards for marketing, promotion, and distribution services are being set by the larger distributors who have massive collections, work with upwards of 50 staff and command millions of dollars in annual expenditures. At the same time self-distribution by artists is growing in popularity in North America and small artists' representative organizations dealing with a limited number of artists in a focused way are becoming more popular among artists in Europe.

The distributors sponsored by the Canada Council are both too small to compete effectively with the larger distributors and too large and democratically inclusive to serve the demands of individual artists who want to be treated specially, not just as one of a large stable of creators.

Each of the distributors identifies itself as unique and its problems as uniquely its own. They see each other as competitors more than as partners. The different histories and cultures of art film and art video serve to keep them apart, though the distinctions are understood to be weakening over time and are perceived as relatively meaningless by younger artists and distributors. The strong tradition of artist centre autonomy and unsuccessful past attempts at collaboration make them suspicious of partnership or collaboration on more than a project basis.

Yet, the problems they face are common problems. The markets they serve are the same. They deal with the same clients, face the same technological challenges, often work with the same films, videos and artists, and are challenged by the same competitive standards set by better resourced and more mainstream distributors.

Predictions are that there will be far fewer distributors active in Canada ten years from now. How many of the ten artist-centre distributors will be among the survivors?

Collectively the ten distributors have significant strengths, in terms of their collection, their often-complementary specialist strengths, their presence across the country (except the Atlantic), their relationships with artists and with the broader arts communities, and important social interest groups. If they can effectively and efficiently combine forces they can become a much stronger force for the dissemination of Canada's media arts works.

The role of the Canada Council is central to the success of the media arts sector, particularly as it sustains the development of interrelationships between production, distribution and diffusion of media arts. The Council has the respect of players from every segment of the sector, and is in the unique position of looking at the health of the media arts across the entire country. Many of the issues which need to be addressed now and in the future will require exchange and collaboration not only among the distributors, but between them and artists, exhibitors, arts organizations and all the governmental agencies, federal and provincial which are dedicated to promoting Canadian cultural development.

The report identifies trends in each of the key markets served by the distributors and makes recommendations for improvement, a summary list of which can be found in Appendix 1 of the report.

Introduction: Methodology and Scope

Background of the study

The Canada Council for the Arts, through its Media Arts Section, provides support to media artists for the production of independent films and videos, and to artists' organizations for production, distribution, and dissemination of these works. Through the Annual Assistance to Distribution Organizations Program it supports ten distribution organizations with the dual goals of achieving audiences for the films and videos and of returning distribution revenues to the artists.

In 2002 the Canada Council for the Arts and the Department of Canadian Heritage, with participation of the Independent Film and Video Alliance, commissioned an overview Media Arts Study and Profile which was published in May, 2003 by Hill Strategies. The report identified distribution as a high priority for improvement.

"The top priority for immediate action is the development and implementation of an integrated package of activities to improve the distribution and exhibition of media artworks. Canadian artists need more opportunities to show their works, and the Canadian distribution system needs to be improved to facilitate these opportunities."

In October 2003 the Council commissioned Howard Krosnick to undertake a study of the distribution of Canadian independent artist-driven film and video. Essentially the study describes what is currently being done in media arts distribution, key trends in the environment, and what various options exist for improving audience access and financial return to artists. More specifically the analysis would include:

- A description of the Canadian and Global environment for distribution of artist-driven films and videos identifying key trends affecting that environment over the next several years.
- A description of the Canadian film and video sector and the place within it of non-profit, artist-run distribution organizations.
- A comparison of distributors supported by the Annual Assistance to Distribution Organizations Program with other Canadian distributors of similar films and videos. Criteria for comparison would include goals, resources, marketing, publicity and sales methods, and results in terms of both accessibility and financial return.
- A description of the experience and perceptions of media artists whose productions have been supported by Canada Council as regards distribution of their work by Council and non-Council supported initiatives.
- A description of the experience and perceptions of key clients who licence, rent and purchase works from the distributors.
- A preliminary view as to what might constitute best practices in distribution.
- Discussion of the concerns of not-for-profit artist-run distribution organizations.

- Recommendations for actions on the part of the Canada Council and of distributors that would improve accessibility of productions and financial return to artists.

Methodology

The first stage of the project involved a literature and document review. Relevant research and studies undertaken on the distribution sector were mined for an overview of the environment and for current information on key market trends. Among sources of information were previous studies undertaken for the Canada Council, Statistics Canada, National Film Board, Canadian Independent Film & Video Fund, Department of Canadian Heritage, Documentary Organization of Canada, Le Conseil québécois des arts médiatiques, Canadian Film and Television Producers Association, Institut de la statistique du Québec, Forum 2003 at the Rencontres internationales du documentaire de Montréal, eMarketer, Playback, and other publications.

In particular the literature review permitted an overview description of the size and scope of the Canadian film and video sector, the relative place of distribution of artist-driven film in a commercially driven marketplace, standards of market segmentation, trends in markets and working conditions, and technological developments such as the roles of digital technologies and the Internet. A complete list of studies referred to in preparation of the report can be found in Appendix 3.

The second stage of the project involved 45 interviews with 63 individuals. Of these, thirty were face to face, eight telephone, and seven e-mail. In general interviews were with distributors, artists, end-users (including festivals, broadcasters, and libraries), press, and agencies and organizations with mandates for independent film and video. The list of interview subjects was developed in consultation with the Media Arts section of Canada Council. Of 45 key contacts originally targeted for interviews 38 were completed and another seven were added in the course of the study. A complete list of interview subjects can be found in Appendix 2.

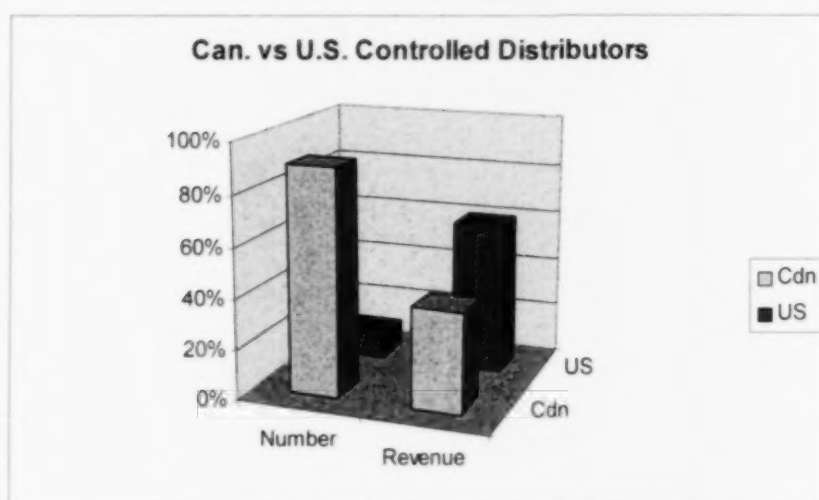
The interviews were open-ended though based on a set of specific questions allowing for comparison among respondents. Each of the ten distribution organizations with Canada Council annual assistance grants were interviewed on-site for at least half a day, while other in-person or telephone interviews ranged in length from thirty minutes to two hours.

Because the Council supported distributors have such a broad mandate they engage in a variety of activities which is much wider and more profound than purely commercial distributors. It would have taken another report this size to adequately describe the numerous ways in which the distributors support with excellence their artist members, the Canadian public, and the institutions which are concerned about the flourishing of Canadian culture. Because the purpose of the report is to identify areas for improvement, it may sometimes seem to focus on the work not done, rather than the work that is. That would be an unfair impression of reality. The Council supported distributors indeed make a significant contribution to the ecosystem of Canadian culture.

Canadian Film and Video Distribution

Canadian Distributors and their markets

In 2000-2001 Statistics Canada reported a total of 143 companies engaged in film and video distribution (excluding video wholesalers) in Canada.¹ Of these all but 15 were Canadian controlled companies but the foreign controlled firms earn around 60% of total domestic distribution revenues. It is important to note that Statistics Canada does not include the National Film Board of Canada in its sample. The Council supported distributors thus represent 6.9% of the 144 total and 7.8% of Canadian controlled distributors.



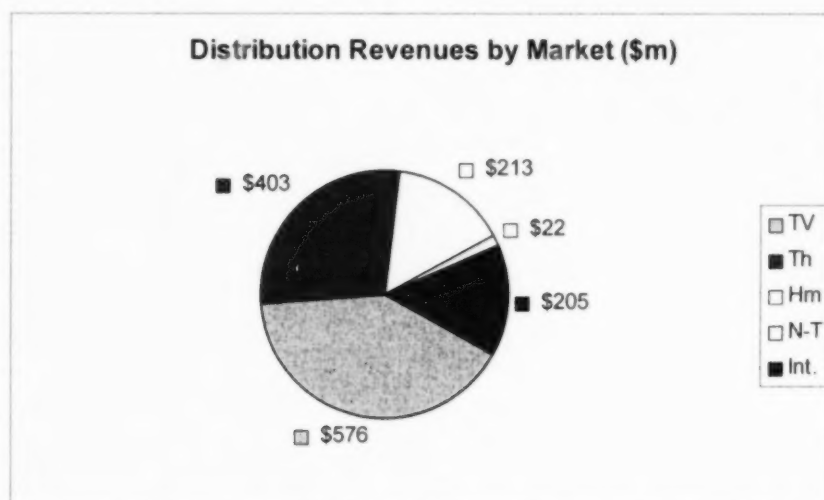
These distributors are engaged in serving the theatrical, television, home video, and non-theatrical market. This last designation refers to a range of educational and institutional clients such as schools and post-secondary institutions, public libraries, community organizations, government departments, museums, galleries, film and video festivals, etc. and is currently generating 62% of total Council supported distributor revenues. The Canadian Independent Film and Video Fund requires producers accessing funding to utilize a Canadian private sector non-theatrical distributor and lists 41 of them, a list which includes nine of the ten Council supported distributors.²

¹ Statistics Canada: Film, Video and Audio-Visual Distribution and Videocassette Wholesaling Survey, 2000; Film, video and audio-visual distribution: data tables, November 2003, catalogue no.87F0010XIE.

² Canadian Independent Film and Video Fund website, <http://www.cifvf.ca/english/theatrical-en.html>.

Size and scope of the markets

Canada's film, video, and audio-visual distribution revenues hit a record high of \$1.4 billion in the fiscal year 2001-2002³. Of this total over \$1.2 billion represented domestic distribution and \$204.7 million was revenue from foreign clients. A decade ago only \$30 million in sales came from abroad. Of the domestic revenue \$576 million came from television and \$403 million from theatrical distribution. \$213 million was from home video and \$21.6 million from non-theatrical. While there has been growth in all these markets over the past five years, general trends have seen the most growth in the newer markets: home video and pay (or specialty) television.

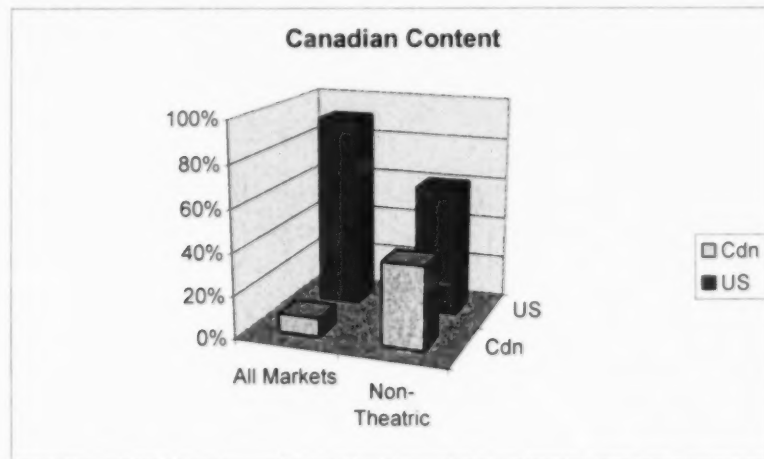


³ Statistics Canada, The Daily, Monday, December 15, 2003.

Canadian Content

These numbers mask the reality of the size of the market for Canadian content productions, which accounted in 2001-2002 for less than 9% of total domestic sales⁴. Foreign productions accounted for over 91% of the total sales, up from 87% two years before. In the theatrical market and pre-recorded home video markets Canadian productions accounted for only 2.1% of distributors revenues. Canadian content percentages in television were down to 20.7% in pay television and 14.1% in conventional television.

In the non-theatrical market Statistics Canada reported a 32.7% share for Canadian-content product but this is an underestimation due to exclusion of the NFB, which works with almost 100% Canadian productions. Adjusting for this omission we can add \$2 million to the \$6.4 million reported by Statscan for Canadian content sales. This would bring the total for the sector to \$21.1 million and the Canadian component to \$8.4 million for a Canadian share of 39%. The share of the Council supported distributors is approximately 3% of total non-theatrical revenues and 7% of the Canadian content share of these revenues.

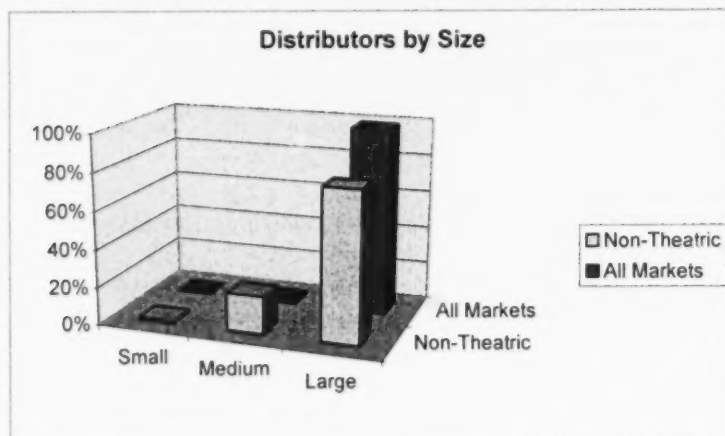


⁴ Statistics Canada, The Daily, Monday, December 15, 2003.

Size of Distributors

Statistics Canada defines three size groups among distributors based on the following total revenue ranges – Small: less than \$100,000, Medium: \$100,000 to \$999,999, and Large: \$1 million and over.⁵ For the purposes of this study it is notable that of the 10 Council supported distributors, four would qualify as medium size distributors (Cinéma Libre, CFMDC, Vtape, and Moving Images), though certainly at the lower end of the “medium” scale, and six as small. Collectively the 10 distributors together make up the size of one large distributor.

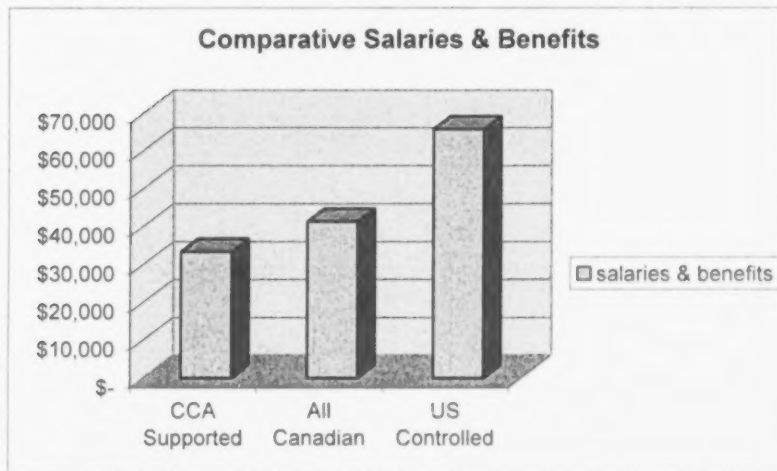
While Statistics Canada does not report the numbers that fall into each of these categories, they do report revenues by size and it is clear that the distribution sector is subject to economies of scale. In 2000-2001 the large distributors accounted for 98.5% of total revenues, medium sized distributors for 1.3% and small distributors for 0.2%. These percentages hold for each of the specific market segments except for the non-theatrical market where large distributors account for 77%, medium for 22% and small for 1%. If we adjust this to include the NFB – a large distributor with total non-theatrical revenues in 2000-2001 of \$2.5 million – the percentage for large distributors would rise to 79%, medium to 20% and small to 1%. With significant resources, the largest distributors (Magic Lantern and the National Film Board) are able to dominate the non-theatrical market and to establish client expectations for price, promotion, and service that are difficult for small distributors to match.



⁵ Statistics Canada: Film, Video and Audio-Visual Distribution and Videocassette Wholesaling Survey, 2000; Film video and audio-visual distribution: data tables, November 2003, catalogue no. 87F0010XIE.

Employment

The distribution sector as a whole (including videocassette wholesalers) in 2000-2001 employed 3,592 people, 85% full time employees⁶. Total salaries and benefits for the distribution sector totalled \$144,578,000 (or an average of \$41,308 per person). Foreign controlled companies accounted for 12.8% of employment and 20.9% of salaries and benefits, (an average of \$65,688 per person). In 2002-03 the 10 Council supported distributors totalled \$1,233,858 in salaries and benefits for 55 individuals, 73% of whom were full time, for an average remuneration of \$33,347 per person year, 80% of the average for all Canadian distributors.



⁶ Statistics Canada: Film, Video and Audio-Visual Distribution and Videocassette Wholesaling Survey, 2000; Film, video and audio-visual distribution: data tables, November 2003, catalogue no.87F0010XIE

Canada Council Supported Distributors

Description of the Distributors and their Work

The Canada Council for the Arts offers annual assistance to Canadian non-profit, artist-run media arts distribution organizations.⁷ Organizations must demonstrate a serious commitment to the distribution needs and interests of Canadian artists producing independent film, video, new media and audio artworks, by making their work accessible to the public and providing them with a financial return from the sale, rental and licensing of their work.

The Council's priority is to support the distribution of independent work by Canadian media artists that is innovative in the themes and subjects it addresses, the point of view it expresses, and the aesthetic strategies it employs. The Council considers independent productions to be those over which the director/artist maintains complete creative and editorial control, and retains ownership of masters, printing elements and/or other original production materials.

Ten distributors receive Canada Council annual assistance grants ranging from \$40,000 to \$121,000 per year. They are located in five of Canada's largest cities. Three in Montreal and one in Quebec primarily distribute French language films and videos. Two each are located in Toronto, Winnipeg and Vancouver and these six primarily distribute English language works. There is no distributor currently operating in the Atlantic region.

Name	English	French	Location
Groupe Intervention Vidéo	X	X	Montreal
Cinéma Libre		X	Montreal
Vidéographe		X	Montreal
Vidéo Femmes		X	Quebec
CFMDC	X		Toronto
Vtape	X		Toronto
Video Pool	X		Winnipeg
Winnipeg Film Group	X		Winnipeg
Moving Images	X		Vancouver
Video Out	X		Vancouver

⁷ See Appendix 4 for Annual Assistance to Distribution Organizations Program Criteria.

Some are pure distribution organizations while others are also involved in production and dissemination activities. While three of the four "pure" distributors have no intentions to become involved in diffusion activities, one is hoping to develop its own exhibition facility.

Name	Production	Distribution	Diffusion
Winnipeg Film Group	X	X	X
Video Out	X	X	X
Video Pool	X	X	X
Vidéographe	X	X	X
Groupe Intervention Vidéo	X	X	X
Vidéo Femmes	X	X	X
CFMDC		X	
Vtape		X	
Moving Images		X	
Cinéma Libre		X	

Historically they have developed either out of the independent filmmaking communities of the 1960s and 70s (four distributors), or artist-video (four distributors), or feminist video communities (two distributors), of the 70's and 80's. All are mature organizations, with an average age of 28 years of operation. While all handle a wide range of independent work, each has developed a reputation for strengths in certain specialties over the years.

Name	Year	Specialty
CFMDC	1967	Experimental film
Vidéographe	1971	Québec video arts
Vidéo Femmes	1973	Women's social documentary
Winnipeg Film Group	1974	Prairies independent film
Groupe Intervention Vidéo	1975	Women's video art
Cinéma Libre	1977	Quebec feature & documentary film
Moving Images	1979	Educational documentary
Video Out	1980	West coast video arts
Vtape	1983	Video arts
Video Pool	1983	Prairie video arts

How Council supported distributors differ from other distributors

The Council supported distributors are distinguished from other Canadian distributors in all being artist run. All but Vtape are membership-based organizations. Collectively they represent over 3,000 members though it is important to note that individual artists may be members of more than one organization.

Most importantly, they are different from other distributors by being driven by cultural rather than commercial goals. Aside from this group of ten, among important Canadian distributors only the National Film Board shares this not-for profit orientation, but even the Film Board has recently reorganized its distribution operations along commercial lines. A reflection of this cultural orientation is that a uniquely high percentage of distribution revenue – 65% of gross revenue in 2002 – is returned as a royalty to the artists whereas commercial standards are more in the nature of 50% of net. In 2002 the distributors generated close to \$660,000 in royalties to Canadian media artists. This does increase the distributors' reliance on grants from arts councils and other income sources since they retain such a small portion of their earned revenue.

Another key differentiation is that commercial distributors cherry-pick only the productions most likely to be designed to meet market needs and therefore to be profitable. A substantial portion or the majority of their collections are made up of foreign-made productions. The Council supported distributors are motivated in their collections and acquisitions policies by cultural goals, serving the needs of their members, and their local or regional media arts communities. The works they represent, over 88% Canadian content, are not industrial products made to earn money by meeting specific market needs, but artistic expressions made despite or counter to the exigencies of market demand. The distributors' goals are the dual ones of ensuring that Canadian media arts works are seen by the public both in this country and internationally and earning as much money for the media-artists as possible.

Titles and Artists Represented

The title collections of the Council supported distributors represent a major portion of the independent and video arts heritage of the country since the 1960s. Collectively, the distributors maintain a catalogue of 11,381 titles. However since most collections are not exclusive, we can estimate that at most about 20% are duplicated in at least two of the collections. Adjusting downwards by that percentage, the collections are still major – over 9,000 titles, of which the vast majority, over 8,000, represent Canadian works. The number of titles represented by individual distributors ranges from 266 to 3,272 with five of the ten holding at least one thousand titles.

The distributors add around 650 unique new titles per year to their holdings ranging from around 4% to 9% of their total collections. Acquisition policies vary substantially among the ten, from a non-exclusive open door policy utilized by three distributors, through selective acquisitions based on review by panels utilized by six distributors, to one where the head of distribution makes selections individually.

The number of artists represented is also impressive. A total of 4,152 artists are referenced in the catalogues of the ten distributors. However, because of the non-exclusive policies of the distributors, many artists may choose to have their works represented by more than one of the ten distributors. Without a thorough analysis of the collections it is not possible to arrive at a correct number, but intuitive estimates by film distributors are in the 20% range. Discounting the total number of artists by 20% would still mean that close to 3,300 different media-artists are represented by the collections.

It is important to note that media artists control the rights to their works and have free choice of whether and which distributors to use. Some, particularly newer artists chose to self-distribute their works, at least for the first couple of years, in order to "cream" the market, and only then turn to distributors once the easy sales are made. More experienced artists are more likely to have recognized the truly specialized and labour intensive demands of distribution and have developed a network of distributors whom they trust. But even the more experienced artists tend to retain lucrative television broadcast rights and deal directly with broadcasters and tend to choose foreign based distributors to exploit international rights.

If commercial distributors judge their work to be particularly marketable, artists may choose to work with one of these distributors for specific works. Even the NFB has recently become a competitor for the Council supported distributors since it has changed its policies to actively acquire marketable non-NFB works for its collection. Therefore, the Council supported distributors are often marketing works which are difficult to distribute, and they may not have rights to the most lucrative market segments.

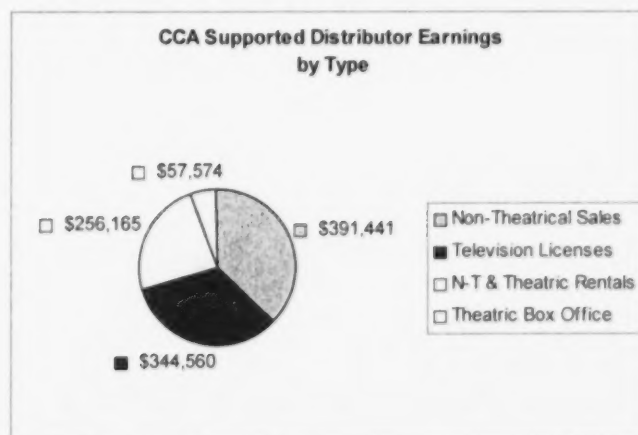
From the point-of-view of the artists, the younger ones are most interested in achieving the highest number of screenings in order to build their reputations. More experienced artists are most interested in increasing their financial returns. They tend to perceive the Council supported distributors as lacking in expertise to exploit television and international markets and some distributors will admit as much – primarily blaming their lack of resources and time to adequately serve these markets. A vicious cycle has thus developed in which artists hold back their most marketable work for television and international markets from the distributors, who are thus unable to provide strong product to those markets and develop the expertise the artists complain that they lack.

Distribution Revenues

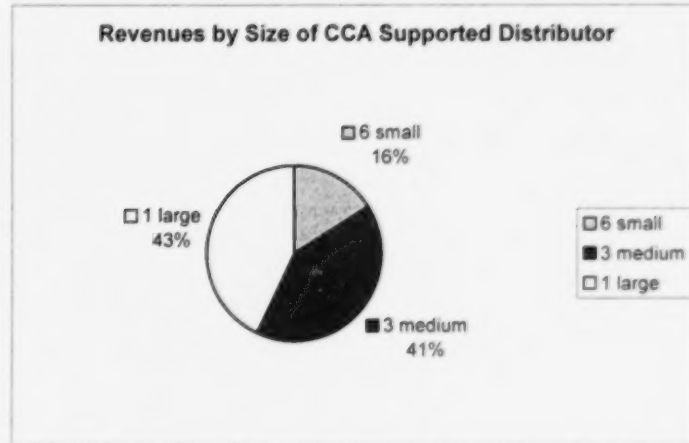
Collectively the 10 distributors earned \$1,049,740 from rentals, sales, licences, and share of box office. \$967,331 or 92% was from Canadian work.



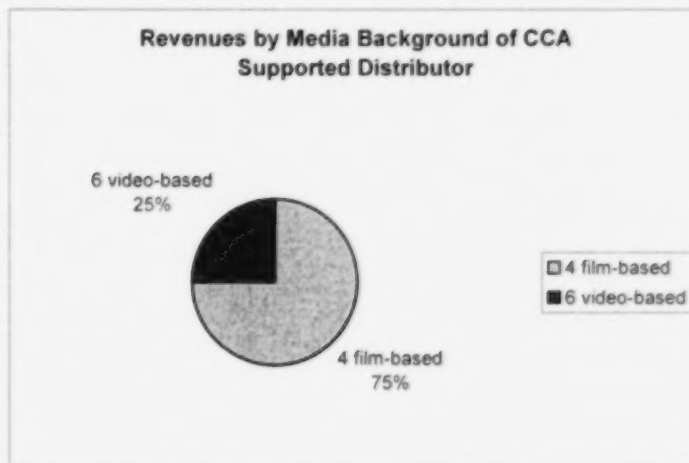
\$391,441 or 37% came from sales primarily to the non-theatrical market, \$344,560 or 33% from television licences, \$256,165 or 25% from rentals to the non-theatrical or theatrical markets, and \$57,574 or 5% primarily from theatrical box office.



The single largest distributor accounts for fully 43% of the revenues and the other three medium sized distributors account for another 41%. The six small distributors together account for 16% of total revenues. Three of the four largest revenue earners are film-based organizations. All four of the largest revenue earners are organizations dedicated entirely to distribution and are not integrated production, distribution, and diffusion organizations.

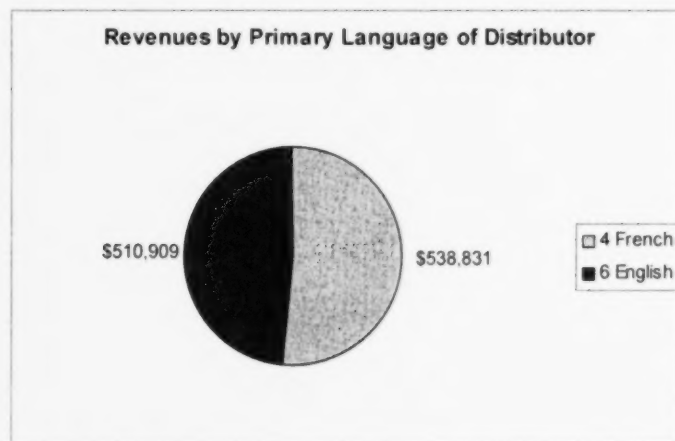


In general the distributors earning the highest levels of revenue are those that are solely dedicated to distribution, and are film-based. The four film-based distributors account for 75% of revenues, and the six video-based distributors for 25%. In terms of the percentage of their budgets deriving from distribution revenues the film-based distributors range from 37% to 53% while the video-based distributors range from 4% to 29%.



In analysing the results further it is necessary to recall that the single largest distributor accounts for close to half of the total revenues. This primarily Francophone distributor is the only one active in the feature film field, which not only generates revenues from box office and feature film rentals but also accesses the higher television license fees available for feature length drama. Thus, the results often are more indicative if we look at the other nine distributors separately as well as at the complete group.

For example, the four primarily french language-based distributors in Quebec accounted for \$538,831 (51%) and the six primarily English language distributors for \$510,909 (49%)

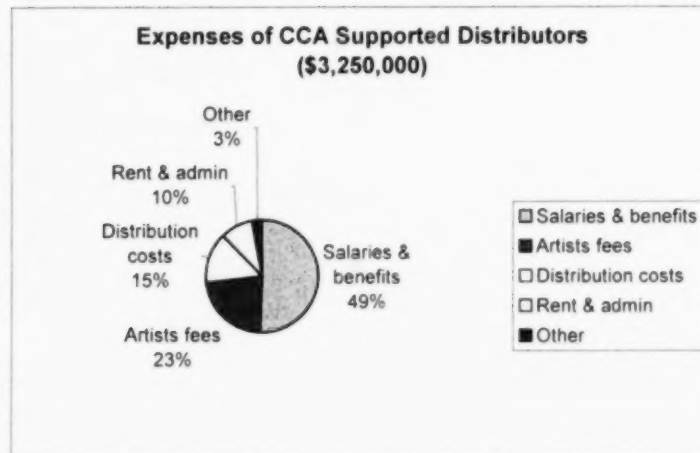


Excluding the single largest distributor the remainder of the revenue breaks down as 46% from the Ontario distributors, 31% from the two B.C. distributors, 15% from the other three Quebec distributors, and 7% from the Prairies distributors.



Expenditures

The ten Council supported distributors spent a total of \$3,250,000 of which 38% was for salaries and benefits, 21% for artists fees, 17% for promotional expenses, 11% for distribution expenses, 7.3% for rent and other administrative costs, 1.5% for capital costs, and 2.5% for other costs.



One distributor expends more than \$1 million per year, one between \$400,000-\$500,000, one between \$300,000-\$400,000, four between \$200,000-\$300,000, and three between \$70,000 - \$125,000.

Common Problems facing the Distributors

Most Council supported distributors are of a limited size that makes it difficult for them to achieve the results desired by the artists they represent. Excellence in distribution is hard to achieve, and especially so when working with films and videos which are made for reasons of artistic expression rather than to meet market needs.

The people working in the distribution organizations are dedicated, knowledgeable, and hard working and know that they cannot do as good a job of marketing and distribution as they are capable of and want to realize. Distributors are torn between their roles as marketers and sales people and as providers of a cultural public service and educators. Their organizational health and sustainability is questionable especially in terms of human resources and technical resources. Their remuneration is below the norms for their type of expertise and experience, which leads to high levels of turnover. Technical infrastructure is limited and access to changing technologies has been difficult.

There is no mass market for this type of product – there are only niches and niches of niches. This requires of the marketer to understand and build relationships in multiple domains – in Canada and abroad, in English and French, in markets as diverse as festivals, cinemas, cinemathèques, galleries, museums, secondary and post-secondary education, community organizations, public and post-secondary libraries, television, and the home consumer.

Trends in distribution are moving in two complementary directions – toward the very large and the very small. Standards for marketing, promotion, and distribution services are being set by the larger distributors who have massive collections, work with upwards of fifty staff and command millions of dollars in annual expenditures. At the same time self-distribution by artists is growing in popularity in North America and small artists representative organizations dealing with a limited number of artists in a focused way are becoming more popular among artists in Europe.

The distributors sponsored by the Canada Council are both too small to compete effectively with the larger distributors and too large and democratically inclusive to serve the demands of individual artists who want to be treated specially, not just as one of a large stable of creators.

Each of the distributors identify themselves as unique and their problems as uniquely their own. They see each other as competitors more than as partners. The different histories and cultures of art film and art video serve to keep them apart, though the distinctions are understood to be weakening over time and are perceived as relatively meaningless by younger artists and distributors. The strong tradition of artist centre autonomy and unsuccessful past attempts at collaboration make them suspicious of partnership or collaboration on more than a project basis.

Yet, the problems they face are common problems. The markets they serve are the same. They deal with the same clients, face the same technological challenges, often work with the same films, videos and artists, and are challenged by the same competitive standards set by better resourced and more mainstream distributors.

Predictions are that there will be far fewer distributors active in Canada ten years from now. How many of the ten artist-centre distributors will be among the survivors?

Collectively the ten distributors have significant strengths, in terms of their collection, their often-complementary specialist strengths, their presence across the country (except the Atlantic), their relationships with artists and with the broader arts communities, and important social interest groups. If they can effectively and efficiently combine forces they can become a much stronger force for the dissemination of Canada's media arts works.

In the past Distributors have had mixed or negative experience with such types of partnerships, (for instance the CFMDC – CFMDC West initiative). Where collaborative efforts have worked in the past they are most likely to be in the nature of local and regional partnerships or specific, time-limited marketing projects.

Recommendation 1: Individual distribution organizations should join forces with others in their region and reinvest savings created by sharing of specific functions.

The best model for collaboration may be contractual alliances, within a cluster management approach, permitting each organization to maintain its independence while committing explicitly to specific areas of shared operation for a determined time period. Regional alliances would be easiest to maintain and to monitor and could demonstrate almost immediate short-term results. Among other options they could:

- Share space & technical facilities.
- Share administrative systems.
- Share marketing and sales staff.
- Develop collaborative marketing projects

In practical terms this would mean regional alliances in Toronto (CFMDC & Vtape); in Winnipeg (Winnipeg Film Group & Video Pool); in Vancouver (Moving Images & Video Out), in Montreal/Quebec (Cinéma Libre, VideoGraphe, Groupe Intervention Vidéo & Vidéo Femmes).

Recommendation 2: Establish a series of national umbrella marketing projects to improve results in specific areas or to establish common tools.

Detailed recommendations for these projects will be found later in the report but they include such areas as:

1. Marketing to Canadian and International television
2. Marketing in collaboration with external partners
3. Marketing to education
4. Marketing to museums, galleries and artist-run centres
5. Marketing to libraries
6. Marketing to individual consumers and collectors
7. Relationships with Festivals
8. Marketing to cinemas
9. International marketing
10. Building a national media arts website
11. Serving Atlantic Canada
12. Marketing Aboriginal works
13. Marketing new media works
14. Building awareness and visibility for the media arts
15. Market research projects
16. National and International touring programs

Recommendation 3: Foster collaboration by establishing annual or bi-annual meetings.

The distributors will only begin working in a truly collaborative manner as they gain more experience of success in working together. Currently, their meetings, usually in relation to the Independent Media Arts Alliance annual conference, provide a superficial opportunity to relate with each other, but are not structured or focussed to attain specific goals of common concern. Representatives of artists, clients, and other media arts organizations with related concerns – i.e. new media or visual arts organizations - should also be scheduled into the agendas to ensure innovation and idea diffusion across the sector.

Among the anticipated results of increased collaboration (Recommendations 1-3) will be:

- Reduce overhead costs and duplication of administration.
- Reduce costs of establishing and maintaining a current technical base.
- Better distribution of works in all market niches.
- Regular interchange among film, video, and other media arts organizations regarding improvements to distribution.
- Closer ongoing collaboration among distributors from across the country.
- Increased capacity to partner with external organizations and to speak with a common voice.

Organizational Health and Sustainability

The ten distributors supported by the Canada Council generally do not have enough staff to adequately market their collections. As a group, \$1,233,858 is spent annually on salaries and benefits. For individual distributors, salaries and benefits range from less than \$35,000 per year or one person year split between two part-time staff (one marketing person three days per week with an assistant two days per week) to over \$330,000 and 11 staff working four days per week. If the largest distributor with its substantial human resources is excluded, the average among the remaining nine organizations is only \$100,428 per year and three distributors are significantly below this level.

Pay rates are significantly lower than equivalent positions among private sector distributors or at the NFB. As noted earlier, in 2003 the ten Council supported distributors collectively employ 55 people, 29 full time for a total of 37 person years of employment. The average remuneration including benefits is \$33,347 per person year, 20% less than the average for all Canadian distributors in 2000-2001.

Some distributors, unable to make salary increases for a number of years, partially addressed the problem by redefining full-time employment as four days per week. Many of the employees have no benefits and some have modest packages. By comparison the current salary range at the National Film Board for a regional salesperson in the Distribution Division or a product-manager attached to a production studio is \$53,405 to \$67,616 and their benefits package is valued at approximately an additional 27.6% of salary.

The results for Council supported distributors often include extremely small distribution staffs, restriction of hours to three or four day weeks, high levels of staff turnover, and high levels of stress resulting from people working in circumstances where they are unable to do the volume or quality of work required to meet the needs and expectations of their organizations' members. Opportunities to develop new markets remain unexplored due to an inability to devote the needed resources.

Perhaps directly related to the salaries paid, is the fact that marketing and distribution of film and video are not uniformly recognized as professions requiring substantial and specialized training and experience. While some of the distributors are staffed by experienced marketing professionals, marketing positions are sometimes filled by individuals without real marketing or distribution experience, recruited from the production or technical sides of the Centres. In such cases there seems to be an insufficient training and professional development component to ensure that the incumbents have the knowledge and skills required by an extremely demanding job.

Technical capacities are also limited in particular by Council policies, which provide regular equipment grants to production organizations but not to distribution organizations. Special allocations for technical equipment in 2003 allowed the distributors to deal with their most critical current needs but technological change constantly demands upgrades. For instance, in order to meet broadcasters' technical specifications for materials, the distributors will require digital betacam equipment worth \$60,000 per unit within two years. Changing standards in the DVD market will also require constant upgrades over the next years. Recommendation 1 to regionally share equipment can help to overcome the problems and reduce costs compared to equipping all ten distributors with the same level of technical capacity.

Fixing the problems of the individual distributors, while critical, is not enough to address the real survival and success goals for media arts distribution. This initiative needs to be linked to collaborative initiatives at both regional and national levels. The economies of scale that are necessary to compete successfully can only be achieved at the level of the entire group of distributors. For example, Canada's largest specialized non-theatrical distributors Magic Lantern and the NFB have at least 50 staff person years each. Collectively, the Council supported distributors have 37 person years. The Film Board's distribution budget totals around \$7 million per year. The collective budgets of the Council supported distributors are around \$3.2 million.

Recommendation 4: Improve Organizational Health of Individual Distributors by addressing human and technical resources issues.

1. Ensure that distribution staff is paid a competitive wage in line with cost of living in their city.
2. Review benefits packages to make them more competitive with the industry.
3. Ensure that staffing levels in organizations are sufficient to meet performance expectations.
4. Prioritize training and ongoing professional development.
5. Focus energies on distribution, as opposed to collection maintenance or diffusion activities.
6. Fill positions with experienced marketing and distribution staff.

Among the anticipated results will be:

- Increased staff stability and lower staff turnover.
- Improvement in stability of long-term client relationships.
- Ability for staff to be more proactive in seeking out new opportunities, developing new strategies for marketing, outreach and audience development, giving individual works the attention they need.
- Higher level of marketing staff professionalism.
- Clear distribution focused performance goals and time allocation.

Collections Management

The collections of independent film and video art currently held by the ten distributors represent the major part of Canadian media arts heritage dating to the 1960's. The importance of the role played by the distributors is underlined in the absence of comprehensive regional or national archival collections of media arts materials by museums or the National Archives. While maintaining the heritage is not a proper role for the distributors, in practice the maintenance of the films and videos rests substantially with them. Almost none of the distributors have archival quality storage facilities for masters and none of them share existing facilities. The collections total 11,589 titles by 4,152 artists, almost all of them Canadian.⁸

Both film and video materials are in danger of deterioration. Significant portions of distributors' time and energies are diverted away from their role as marketers toward the custodial role of maintaining their collections. In the case of the collapse of a distributor (as happened with AIM and Women in Focus) there is no process to ensure the collections are maintained.

Recommendation 5: Develop a Collections Strategy and recognize conservation of media arts heritage as a priority.
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1. Develop a master list of titles held by the distributors, identifying duplication and overlaps.
2. Develop a plan for restoration and archiving of reel-to-reel and 3/4" video collections, as well as new prints of films.
3. Establish specific funds for custodial activities, in collaboration with provincial arts councils, Canadian Heritage, and National Archives. The upgraded archives could be located within a distribution organization, within a museum collection, or placed with a commercial supplier.
4. Enforce archival quality standards for collection storage either on a regional basis -Vancouver (1,739 titles), Winnipeg (1,435 titles) Toronto (5,472 titles), Montréal-Québec (2,943 titles), or on a national basis.
5. Establish a plan for maintenance of collections in case a distributor disappears.
6. Restore collected work of at least one major artist per year.

Anticipated results would be to

- Maintain the collective heritage of the media arts in Canada while a more comprehensive long-term solution for archiving is established.
- Refocus the work of distributors on distribution and away from conservation and archiving.
- Bring the collected works of major media artists to new audiences and markets.

⁸ These numbers include both Canadian and international provenance. They also include duplication since some works and some artists are represented in multiple collections. Some titles are likely English or French versions of other language originals. Until a consolidated list is produced we can speculate that a maximum of 20% of the titles and 20% of artists are duplicated in more than one distributor's collection.

Partnering with other organizations

Some of the challenges faced by the media arts distributors would be too expensive and complex to address on their own. Among these are participation in delivery of digitized materials, development of international markets, archiving of collections, and building visibility among cultural consumers in the general public. However, it is possible to at least partially address these issues by partnering with other institutions that have similar goals. These include cultural agencies (such as major museums, the National Archives, National Film Board), government departments (such as Department of Foreign Affairs and International Trade and Canadian Heritage), post-secondary institutions, and certain private sector hardware or service suppliers.

Recommendation 6: Partner with external organizations.

1. In collaboration with the Visual Arts section of the Canada Council, negotiate with the major public museums to increase curatorial attention and public exhibition of media arts. Attention of many major museums to media arts has visibly declined over the past ten years, including among others the National Gallery in Ottawa, the Art Gallery of Ontario in Toronto, and the Winnipeg Art Gallery. In some cases, gallery space designed and dedicated for screenings is closed and unused. While much of the slack has been taken up by artist centre galleries across the country, museums offer major public visibility and museum screenings serve as a mark of quality and respect for the works and the artists which can then provide leverage for further museum and gallery exhibition in Canada and abroad. One possible outcome could be a national circulating tour curated by different curators.
2. Negotiate with Department of Foreign Affairs and International Trade (DFAIT) and Canadian Heritage International Affairs. DFAIT's Arts and Cultural Industries Promotion Division operates programs for International touring of contemporary Canadian art exhibitions, International career development, and International art events. In addition, there are Canadian Cultural Affairs Officers in many embassies abroad and a number of Canadian Heritage International Affairs programs. While some individual distributors have been taking advantage of these programs others have not, and there has been no concerted and unified approach to working with DFAIT and Heritage for proactive international visibility and as well as for the import of international works and programmers.
3. Negotiate a partnership with the National Film Board to participate in some of their digital delivery initiatives, for instance to include a selection of media arts titles in Mediatheque collections thereby providing visibility and access to walk in viewers. The NFB operates two storefront operations in prime downtown locations in Montreal and Toronto where, for a small fee, individuals can access high quality projection of NFB films and videos. As well, for several years the NFB has been operating a trial digital delivery program called CinéRoute offering

a few hundred titles to a limited subscription audience of educators. They are currently in the process of expanding the trial to reach 2,000 individuals. While the NFB is struggling to manage both of these initiatives for the benefit of their own collection, there could be advantages to them in being seen to provide services to other players in the audiovisual domain. The advantage for the distributors is to piggyback on the investments in technological infrastructure made by the NFB to improve public access to their collections, and to gain experience and knowledge from ongoing developmental trials of digital delivery.

4. Negotiate with the NFB as a sub distributor to offer a selection of titles through their Canadian and U.S. I-stores. In addition to bringing new potential revenues, this could serve as a trial to determine potential for on-line transactions. It would also provide another window for visibility of the collections. The NFB has invested substantial financial resources to create and maintain world-class e-commerce and customer relationship management systems. Its Distribution Division is extremely interested in attracting other Canadian independent videos to their Internet store (which is referenced later in the report in the section on Internet).
5. Negotiate with the National Archives and/or the National Film Board for consulting services and advice on best practices in archiving and restoring media arts collections. Both of these organizations are currently preoccupied with coping with their own massive audio-visual collections and are unlikely to play a leading role in the archiving of Canada's media arts heritage. However, both organizations have substantial expertise, and have developed standards and policies that could be of use in ensuring the survival of the collections currently held by the distributors.
6. Negotiate a partnership with leading post-secondary institutions teaching film and video production to provide a program on distribution. One key issue identified often during the study was the lack of knowledge about distribution by young artists. One reason is the tendency of professors to teach film and video as art and their discomfort with the commercial side of the practice. They may be most comfortable with the approach to distribution that is taken by the artist centre distributor model and be willing to integrate a program offered by the distributors into their course of studies. The distributors could collectively develop a standard workshop or one day program about distribution that could be delivered by different distributors in different parts of the country. This would also provide an opportunity to expose aspiring film and video makers to the world of media arts production and distribution operating outside the more standard industry context.
7. Identify key potential private sector suppliers for partnerships and discounted services. Possible areas to consider would be computer companies such as Apple and Microsoft for hardware and software access; a DVD mastering company for a single source contract to provide DVD authoring and pressing for collections of

works of key Canadian artists; a linguistic services company for translation of documentation and soundtracks for subtitling.

Anticipated results of external partnerships would be:

- Increased visibility for the media arts sector and its artists, access to works by the public, education of young artists, and increased revenues from screenings and purchases.
- Demonstrate the strength of the media arts distribution sector and its willingness to partner, by negotiating as a group with major national institutions.
- Reduced costs of services or hardware.
- Increased revenues for distributors and artists

Television Distribution

The economics of television favours self-produced or pre-acquired programming with acquisitions filling in the gaps. The dominant goal for programmers, whether in public or commercial television is to maximize audiences and to maintain viewers across the schedule. This leads to an emphasis on predictability of scheduling, which favours series rather than one-offs, standardized lengths, and the use of interstitial programming for either paid commercials or promotion of upcoming broadcasts. Shorts which once played a role as interstitial programming have therefore been displaced. Experimental work and personal or socially critical documentary programs are often seen as too edgy or difficult for general public audiences. Therefore the kinds of programming handled by the Council supported distributors have only limited broadcast potential.

However, the worldwide growth of increasingly specialized channels does provide opportunities, and some of the distributors have been successful in finding new broadcast outlets. Television remains an extremely important market for media arts work, representing fully one-third of all revenues earned by the 10 distributors in 2002. Its importance varies among the distributors, between 10% to 20% for four, 30%-40% for two, and 40%-50% for two. Successful growth in this market can occur and will require more collaboration among distributors, more innovation in pitching, greater professionalism in building relationships and selling to television programmers.

Market Trends in Canadian Television

The explosion of new specialized channels, and most recently digital channels, should have provided greater opportunities for non-mainstream programming. However, in reality, after a period of openness driven by the requirement to acquire hundreds of hours of materials for their first year of operation, most new channels rapidly become established in their programming grids and driven by the need to attract audiences which translates into less risk taking in their programming and less demand for shorts and one-off documentaries.

Therefore distributors often see TV sales grow with the birth of new services and then shrink. The specialties and especially the digital channels pay extremely low licence fees (\$20-30 per minute) but some of them do represent opportunities for independent work, in particular, APTN, The Documentary Channel, Independent Film Channel, PrideVisionTV, Moviola, and ARTV. There is a belief that Showcase with its risqué programming and Bravo with its arts mandate, could do more.

Some of the digital specialty channels that launched in September 2001 are having such a hard time surviving that they are applying for licence amendments in attempts to make things easier for them, often by lowering the amount of Canadian content they are currently required to broadcast. However, many other digital services, are expanding their audiences and will become profitable over the next years as digital television

becomes more common, as long as they are backed by owners with deep enough pockets to weather the losses of the early years.

Public broadcasting has historically been more open than commercial broadcasting to programming film as art, but shrinking audience shares and government financing have led them toward strategies which will demonstrate audience demand. In Canada, Provincial networks have been sold off to the private sector (Alberta), are under current threat of privatization (British Columbia), are shifting toward more narrowly defined educational mandates (Ontario), or are moving to expand geographical territories (SCAN, TVO).

CBC-SRC and the provincial networks do tend to have specific mandates to exhibit Canadian independent work and remain most likely to be open to innovative programming partnerships (for instance Ontario Arts Council and TVOntario). At the CBC, *ZeD TV* has become a window for short drama or experimental work (under four minutes), and *Canadian Reflections* remains a window for independent documentary. ARTV's *Silence en court*, Radio Canada and Télé-Québec remain the best windows in Quebec broadcasting.

Other opportunities exist based on regional interests. Regional CBC operations in Newfoundland and Halifax for example have in the past worked with the NFB to package special series of programming reflecting their regional realities. And local commercial broadcast outlets also have slots that are open to programming that reflects specific geographic realities, like CKY, the CTV outlet in Winnipeg with its *Manitoba Moments* programming.

With the growth of cable in Canada, community channels were expected to be major venues for non-mainstream programming and they were originally required by law to be access channels. Due to a 1997 CRTC policy change community channels were no longer required and they were converted essentially into promo vehicles for the cable companies. According to Video Out, a campaign is being organized led by ICTV in Vancouver to convince the government to force the CRTC to revisit its policies. Their representations to Parliament's Standing Committee on Canadian Heritage were positively received and reference made in the report *Our Cultural Sovereignty* about the need to open up the airwaves once more to community television with funding from the profitable cable and satellite companies. Regarding this issue the Independent Media Alliance also recommended that the community channels should be independently run, and financial support for them should be found by transferring the percentage the CRTC requires cable companies to invest in community TV into a direct financial subsidy to community channels, which would be publicly run by non-profit community organizations.⁹ Such a reality would certainly create new space on the airwaves for the work of the Council supported distributors.

⁹ *Our Cultural Sovereignty: The Second Century of Canadian Broadcasting*, Standing Committee on Canadian Heritage, June 2003.
<http://www.parl.gc.ca/InfoComDoc/37/2/HERI/Studies/Reports/herirp02/10-Ch09-e.htm#2>.

Meanwhile, business for private Canadian broadcasters is extremely healthy, with profits having doubled inside of a year. The CRTC recently released its annual report on the Canadian television industry for the period between 1999 and 2003. The report shows that net profits posted by private television stations have doubled, rising from \$95.6 million in 2002 to \$189.8 million in 2003. Equally impressive is the growth of specialty television services. Revenues at Canadian specialty (analogue and digital) pay and pay-per-view television services have increased more than 81% over the most recent five-year period to \$1.9 billion in 2003.¹⁰

The success of private broadcasters is occurring while public sector TV and government funding to the production sector and license fees paid for new programming are cut back. As Canadian producers warned of a massive crisis in the industry, even the giant Alliance-Atlantis has eliminated its Canadian production slate. In response all sectors of the production industry – producers associations, directors guild, performers unions, documentary filmmakers associations – are joining together to wage a fierce lobbying campaign to save Canadian production. Restoration of the CTF fund was only a first step and lobbying of the CRTC and broadcasters coming for licence renewal will be a major focus of their efforts.

Market Trends in International Television

Internationally, similar trends are at work, with traditional outlets for non-mainstream work – public broadcasters – becoming both more mainstream and less open to foreign acquisitions. This is driven by increased competition from private broadcast and new specialty services. Even the world's most renowned arts broadcaster ARTE is becoming more commercial and has far fewer slots open for acquired work (eleven documentaries per year is their quota on foreign documentaries).

More positively, globally there is also a radical growth in specialty and digital services, which should provide specialist niches for more non-mainstream productions. Even though the competition for remaining slots is very high there continue to be opportunities – especially when programs fit into the thematic programming streams that have been defined by broadcasters in a specific season. Europe remains the major international market and programmers from Asia-Pacific, the Middle East, and Africa tend to focus their acquisition programs around European markets and festivals.

Leading distributors to the International market have found that economic realities force them to concentrate on only the most saleable product. The bankruptcy of the highly respected Jane Balfour, a British distributor with a large highly respected catalogue several years ago, is considered proof of the need to focus. Successful Canadian distributors to the foreign market, such as Films Transit International and the National Film Board now each only promote about 25 films per year at international television markets. They each also maintain strong, ongoing face-to-face relationships with the programmers, which requires a consistent presence in Europe.

¹⁰ CRTC, Pay and Specialty Statistical and Financial Summaries 1999-2003, March 2, 2004.

The U.S. television market, while it has also shifted from major networks toward the multiplicity of specialty channels, remains essentially driven by a highly commercial orientation. Public Broadcasting, increasingly reliant on corporate and membership financing, has become less risk-taking and competition for the few national arts or independent documentary slots is extremely high and priorities are to support U.S. artists rather than to acquire foreign work. Nonetheless, potential outlets for artist-driven work do exist among the small specialty channels that define themselves as alternative media, for instance, Sundance Channel, Free Speech TV, or with local PBS channels.

Key Technological Trends

It is important to track the increasing penetration of digital television around the world because it is this development that is most likely to provide new programming opportunities for media arts broadcasts. In Canada, the U.S. and globally there will continue to be ongoing development of new digital channels, increasingly narrowly focused in their programming appeal. The percentage of digital penetration in the UK is 38.79% at the end of 2003 with projections of 49% by end of 2006. Europe as a whole is expected to be 25% digital by 2006. The number of digital households is substantial enough to generate new services. At the end of 2003 the US had 45,041,000 households, the UK 10,824,000, Japan 5,572,000, and Canada 4,834,000.¹¹

The penetration rate of dish antennas has grown remarkably since 1998 in all provinces. It reached 19% in the fall of 2002, compared with only 5% five years earlier. By province, Saskatchewan had the highest rate (35%) and British Columbia, the lowest (15%). Meanwhile, the penetration rate of cable has steadily declined, falling to 68% compared with 77% in 1998. A decrease was observed in all provinces. In contrast to dish antennas, cable was most popular in British Columbia, with a penetration rate of 78%, and least popular in Saskatchewan, with a rate of 51%.¹²

37% of Canadian adults who are either definitely or probably going to subscribe to digital television within the next year say they will subscribe to digital cable, whereas 31% say they will get satellite television. Less than 10% say they will use alternative methods like wireless cable and a service from their local TV provider.¹³

The multichannel TV market in North America is entering a new digital phase where competition between cable and satellite TV providers will increasingly be fought on the battleground of advanced TV services such as video-on-demand (VOD), high-definition TV (HDTV) and personal video recorder (PVR) functions.

- VOD households in the US currently number 6 million in 2003 and will reach 16.3 million by 2006

¹¹ Information from Screen Digest and Informa Media Group reported by eMarketer, 11 February 2004.

¹² Digital Television 2003 Report, eMarketer.

¹³ Decima Research, referenced in eMarketer.

- During the same time, annual VOD revenue will rise from \$720 million to \$1.8 billion
- US PVR households now number 3.6 million and will climb to 15.3 million in 2006

HDTV (High Definition Television) households in the US are expected to grow from 2.2 million in 2003 to 16.4 million in 2006, at a compound annual growth rate of 128.7% from 2002 to 2006¹⁴

Summary

Most television outlets are resistant to programming the kinds of films and videos created by artists and distributed by media arts distributors. The logic of broadcast programming is about consistent length and is thematic. The films have odd lengths and are idiosyncratic. For most broadcast uses they must be packaged. Distributors are generally not very proactive in proposing product and innovative packages to broadcasters. There is not often strong personal knowledge and relationship building between distributors and programmers. Nonetheless television broadcast represents the best single way to increase audiences for art film and video and license fees are generally higher than from other markets.

Recommendation 7: Improve marketing to television programmers.

1. Wherever possible, replicate the model created by the Ontario Arts Council and TVOntario. The two organizations agreed to showcase media arts works funded by the Council. Two hours of programming were assembled with an on-air host (Annette Mangard) and interviews with the artists. TVOntario provided the airtime and paid their normal licence fees to the artists. The broadcasts ran two to three times in prime time and repeated in off-hours and achieved total viewership around 60,000. TVO was responsible for on-air promotion and the Council for promotion within the arts community. The series was successful enough that commitments were made to a second year with TVO playing a more active role in the packaging of the programs. The driving force behind the partnership was agreement at the top of the two organizations that sister organizations should work together and be seen to be doing so by their government funders and by the arts community. Therefore, opportunities are greatest in provinces with provincial broadcasters and arts councils or at a national level between the Canada Council and the CBC-SRC.
2. Use model of NFB and Atlantic and Newfoundland regional CBC to package series appropriate for regions for use on provincial, local, or regional CBC broadcasters.

¹⁴ Digital Television 2003 Report, eMarketer.

3. Establish two television sales professional positions in English and French for all titles held by all the distribution organizations. Due to the specific needs of television programmers, programming should not be tied to a single distributor. A skilled television salesperson would have personal knowledge of programmers and their needs and would make innovative and appropriate programming proposals. These positions should be responsible for Canadian and international sales, playing the main sales role for the Americas and acting as the key contact with a European agent.
4. Distributors and the arts councils should become informed about and participate in lobbying efforts with the CRTC that would create more opportunity for artists' work to be exhibited on television. These include efforts to force community cable channels to act as access channels as originally required by CRTC regulation. They also should include representations to the CRTC regarding the operation of truly independent film and documentary channels.

Anticipated results would include:

- Increased audiences for artists' films and videos through television broadcast.
- More visibility for the media arts sector with the arts community, general public, television programmers, and regulators.
- Increased revenues for distributors and artists.

Non-theatrical Distribution

General Trends

The non-theatrical market consists of education at all levels, public libraries, community and social action groups, women's organizations, aboriginal organizations, gay and lesbian organizations, business and industry, government, social and health services, etc. It is a mature market in Canada, which has exhibited little growth or slight declines over the years depending on sources of information. It is marked by the use of film and video for screenings to small groups of viewers with no admission charge.

Servicing this market is considered quite expensive and labour intensive. Pricing of a title tends to range between \$50 and \$250. The number of distributors competing in this market has various estimates, but it is clear that over the last twenty years the number of companies for whom it is the primary market have decreased and the trend is continuing. The Canadian Independent Film and Video Fund recognizes 41 distributors, including nine of the 10 supported by the Council, as non-theatrical distributors.¹⁵

Historically, we have seen a significant shrinkage in the number of distributors active in the sector. In the 1970s there were over 60. When TVOntario and the NFB radically reduced prices of their video materials the numbers began to fall. EMPDAC, (Educational Media Producers and Distributors Association of Canada) which ceased active operations a couple of years ago, counted 22 members at the beginning of the 90's of whom only 15 are still active in 2003 and according to informed sources at least six are hoping to be sold soon. Predictions are that in a decade there will only be four survivors among the large non-theatrical distributors.

The largest distributors set the standards expected by non-theatrical clients and for that reason, it is worth looking in some detail at how they operate. Two distributors, one commercial - Magic Lantern - and the other not for profit - National Film Board - account for a majority share of the market and set standards for how clients expect to be serviced. Both offer large catalogues at the lower end of the price scale, have large staffs and promotional budgets and 1-800 call center telemarketing services. For instance Magic Lantern, which focuses almost exclusively on the Canadian market has a catalogue including 40,000 titles of which 15,000 are exclusive. The NFB has about 10,000 titles in its catalogue and actively promotes 2,000. Magic Lantern has 55 staff and the NFB spends around \$7 million per year on distribution including its Canadian and International, stockshots, and customer services operations.

The institutional market is primarily paper-based and conservative so the NFB's marketing model is an integration of promotional methods. Aside from their web initiatives and three Canadian direct sales staff, they produce French and English institutional catalogues as well as an English home video catalogue. They do about twenty direct mail promotions in Canada and five or six per year in the U.S. At Magic Lantern, seven staff do direct sales, guest lectures, presentations, professional

¹⁵ Canadian Independent Film and Video Fund website, <http://www.cifvf.ca/english/theatrical-en.html>

development days, and showcases. They also publish print catalogues of new releases twice a year, each with about 500 titles and direct mail all schools eight times per year.

Studies by the Canadian Independent Film and Video Fund (CIFVF)¹⁶ help to picture the English and French non-theatrical market. On the English side, about half of institutions have holdings greater than 2,000 items and half hold fewer. The average annual acquisitions budget is \$33,900. The larger institutions have larger annual budgets but the average for the smaller ones is less than \$5,500. Clients find it important to acquire productions with a Canadian perspective even if the subject matter would normally be thought of as objective and universal.

61% of end users rely on distributors' catalogues and notices as their primary source of information about available products. Another 8% identified showcases as their primary source. The balance, in roughly equal numbers, identified the catalogues of other institutions, referrals by clients and colleagues, reviews of films and videos in professional journals, and online databases (e.g., AV-Online and OCLC First Search) as their first source of information. The most popular secondary sources were: referrals from clients and colleagues (36%), online searches and databases (25%), distributors' catalogues (9%), and showcases (8%)

Obviously, catalogues and release notices are effective sources of information about available audiovisual titles, but only if one has access to such reference material from all, or most, distributors. It appears, however, that the typical respondent in this survey has access to only a limited listing of titles. Fewer than 10% of the respondents reported receiving material from more than 20 distributors, a third had received material from 10 to 20 source and about 37% reported that they received material from as few as two distributors, and then only occasionally. Further, about one-third of the respondents had no list of Canadian distributors and another third have only partial or dated lists.

The responses to the follow-up questions concerning sources of information highlighted the difficulty people searching for information about Canadian audiovisual titles encounter. While many libraries, media resources centres and others have well-established relations with distributors, many more appear to be dependant on limited sources of information. There are few print or electronic resources available that would help someone locate either Canadian distributors or titles. Several respondents identified the publication *Distribution Guide for Educational Media in Canada*¹⁷ as a valuable source of information about Canadian distributors and products. Unfortunately, it is out-of-print. Looking to the Internet, it is the CIFVF that offers what appears be the most complete online list of Canadian distributors.

¹⁶ Audiovisual End Users Survey, Judith McCann & Associates for the Canadian Independent Film & Video Fund (CIFVF) and Report on the Results of the Survey of End-Users of French Language Non-Theatrical Audio-Visual Material in Canada, Denise Cordeau, August 2001.

¹⁷ *Distribution Guide for Educational Media in Canada*, 12 ed. Compiled by Linda Prince. Vancouver, Langara College, 1998.

Online searches relying on general access sites (distributors pages, library catalogues, etc.) can be time consuming and unrewarding. Unless you already have some details about a production, such as a title or the name of the director, producer, and/or distributor, the chances of finding existing material on any given subject are slim.

Of users of French language audiovisual materials education represents about two-thirds of the market. The holdings are much smaller than on the English side. Only 17% of institutions have collections greater than 2,000 titles (essentially universities and public libraries) while 83% have fewer with 56% having less than 500 titles. Annual budgets for acquisition of materials tend to be lower than from the English side with CEGEPS, universities, and public libraries representing the higher budgets.

Education Trends

The Canadian educational market is sizeable but complex and demanding. An idea of the size of the universe can be taken from the following ¹⁸

	English & Bilingual	French	Total
School Boards	402	93	495
Schools	12,144	3,683	15,827
Elementary	8,089	2,574	10,663
Middle-Junior-Senior	3,073	766	3,839
Universities-Colleges	428	70	498

Schools at all levels are substantial users of audio-visual materials. For instance, in 1995 TVOntario found that 99% of Ontario schools have access to VCRs, 96% have a television, and 53% have in school or department videotape collections.¹⁹ Another study by the NFB²⁰ indicated how often videos are used in education once they are acquired for the system. A typical video remains in use for 7.3 years. Study respondents showed videos 15.4 times per year with an average classroom size for viewing of 28.4 and the average number of different titles shown in respondents' classrooms was 5.9 per year. The average number of individual viewings per video per year was 74, meaning that the average audience over the 7-year life of the tape would be 414 individual viewings.

Over the past ten years there has been a substantial trend toward school-based collections as opposed to provincial or school district level collections. This has multiplied the number of potential clients and complicated the selling process. Post-secondary institutions have individualized and complex purchasing processes where individual professors or faculties often generate the demand for purchases but university libraries

¹⁸ Information provided by National Film Board of Canada.

¹⁹ Television and Video in the Classroom, A Review of Survey Findings, Janet Stern, August 1995 for TVOntario.

²⁰ National Study of Viewing Patterns of NFB Video Materials, Leto Consulting for English Program Marketing, National Film Board of Canada, July 1998.

actually place the orders. Thus, a key to successful selling is understanding whom the client actually is, and what kind of buying process is used in different provinces, districts, or post-secondary institutions. The quality of mailing lists is thus extremely critical as are personal relationships with key clients.

In general, the Quebec educational audiovisual marketplace is underdeveloped in comparison with English Canada – especially Ontario, British Columbia, and Alberta. Budget cuts and educational reforms across the country have resulted in an increased focus on videos that directly address curriculum – which is different in every province. This has resulted in a reduced demand for enrichment materials, which includes the vast majority of suitable alternative media productions. Meanwhile, at the post-secondary level, which is generally the primary educational market for the Council supported distributors, individual professors are definitely key decision makers regarding acquisitions or rentals in collaboration with their librarians. This means an even more targeted, labour-intensive approach is required of distributors to serve this sector.

Technological Trends in Education

Technological trends are having increasingly important impacts on the educational market. While essentially a VHS market, schools are now beginning to acquire DVD players and demand for materials on DVD is expected to grow substantially over the next few years. Educators are also seeking more individualized product, for instance the compiling of several films or videos on a single DVD. This provides opportunities for distributors who can offer such services, and presents opportunities to sell again on DVD titles that had previously been acquired on videotape.

A second trend is the demand by provincial departments of education or major school boards to purchase single titles in digital format for inclusion in digital collections that can be accessed at a distance by some or all schools in their territories. Alberta and New Brunswick are leaders in developing this model. Responding to such opportunities requires thoughtful and complex pricing responses, since a single sale can now affect demand from tens or hundreds of potential clients. Technology experts among leading distributors do not think that this “closed circuit television” model of digital distribution will ultimately succeed because the idea of a content server in each school district as a repository has been developed by IT people, not by media people, and that the realities of how teachers want to use media will not be served by this model.

In the longer term, around ten years, there is a consensus that educators will be accessing the bulk of their audiovisual materials by digital, in addition to physical, delivery. This is dealt with at more length later in the Internet section of the report. Essentially, the future of audiovisual platforms for education will move from VHS to disc media, and then to on-line media. Ultimately online and hard copy media will be interconnecting with the added element of broadcast television linked to both online and hard media.

Recommendation 8: Improve marketing to Education

1. Develop consolidated print promotional materials for educators including:
 - a. a new releases catalogue for direct mail to educators at least once a year including titles from all distributors selected and organized according to curriculum fit;
 - b. specialized thematic promotional materials including titles from all distributors selected to meet specific high priority client subject area needs (i.e. Media education, history, etc.).
2. Establish a consolidated educator client history database for use as a mailing list, based on clientele from all ten distributors supplemented by list purchases or original research.
3. Ensure websites are organized to provide educators easy search capacity by subject area.
4. Participate in key media markets (Ontario, Alberta) and other regional media showcases in other key municipalities.
5. Establish a national 1-800 call centre service.

Anticipated results would include:

- Greater knowledge by educational media purchasers and teachers-professors about distributors' title offerings and their relationship to specific curriculum needs
- Increased frequency of contact with educational clients, through direct mail, via internet, and through personal meetings
- More ease of research and of ordering for the clients
- Increased revenues for distributors and artists.

Museums, Galleries and Artist-run Centres

The core problem of media arts presence in museums is a subset of the general problem that contemporary art has had a hard time locating itself in museums, and contemporary art remains a hard sell in any medium. Museum acquisition and exhibition confer validity to the work and create momentum for an artist's career and is much more common in major museums outside Canada. The loss of this role by major Canadian museums puts Canadian media artists at a disadvantage compared to those from other countries.

It is important to note that some Canadian museums are working well with video such as Dalhousie Art Gallery, McDonald Stewart Art Centre, Hamilton, Musée d'art contemporain, Oakville, and Windsor. However, some important Canadian museums have been going more mainstream and stopped collecting video art - National Gallery, OCA, Vancouver - and in Winnipeg the dedicated exhibition space for video exhibition is closed off from the public.

This situation is due to budget cutbacks that led to media curators being let go and their responsibilities rolled in under Contemporary Arts curators who may not be conversant with the work. Or, if curators are recommending exhibition, directors are not ready to commit. The work is also dependent on well-maintained equipment and breakdowns were often experienced. As well, video work can be controversial and some museums are risk averse. The system lacks a major institution curator ally to play the role the National Gallery used to play in organizing national touring exhibitions. The loss of media art exhibition has been masked by the growth in video installation work in museums, but the acquisition and exhibition of single channel video has slowed substantially.

This puts Canadian media arts at a major disadvantage compared to societies such as the U.S. where the Museum of Modern Art, or France, where the Pompidou Centre strongly support media art and create a climate where other museums follow suit, or Austria, where the government has made a priority of funding and promoting media arts. The museum collections in those institutions also assist in ensuring archiving and conservation of their nation's media arts heritage.

According to the New York Times, a new trend is collaborations among several museums to commission and exhibit new video art by emerging artists. American museums have been forming alliances to acquire finished works together and to organize shows as the cost of buying art and producing exhibitions has risen. Now, museums in New York, Chicago and Los Angeles which all champion the work of young artists are jointly commissioning new works and claim such collaborations are the wave of the future. Because film and video installations tend to be the most costly, the museums decided that they needed help the most, so all three commissioned artists work in this area.

Meanwhile, mainstream Canadian galleries, except for the artist-run centres, have tended to avoid exhibition of media art because, essentially, there is nothing to sell to collectors. This compares to the European environment where galleries are taking risks on video art,

and even beginning to issue extremely limited DVD editions (five to ten copies) of an artist's work selling to collectors for over \$5,000 - \$10,000 each. The DVD reproductions are effectively analogous to limited edition lithographs in the visual art world.

Artist-run centres that are committed to video exhibition are struggling for support against the trend toward more and more specialist festivals, which seem to be a more interesting focus for government and corporate funders and divert money and attention from the ongoing work of exhibition spaces. Exhibitors and galleries are under supported and only as their financial health improves will there be a strong renaissance of video programs in those spaces. Galleries and artist-run centres are more open to independent work than public museums that are worried about controversy

Recommendation 9: Improve presence of media art in museums, galleries, and artist-run centres.

1. Undertake research and develop a strategy crafted to reverse the decline in regular exhibition of experimental film and video in museums and to support gallery and artist-run centre exhibition. This needs to be done with full involvement of the arts councils (media arts and visual arts divisions), museums, galleries, artists, and distributors.
2. Distributors need to build relationships to ensure that museum curators see media arts work.
3. Explore the potential for high quality limited edition DVD's for sale through galleries.

Anticipated results include:

- Increased awareness among curators about media artists and their works
- Increased numbers of media arts screenings and exhibitions
- Increased credibility for media artists
- Greater public awareness of the media arts
- Increased revenues for distributors and artists through exhibition fees and sales
- Development of a new market for limited edition media arts DVD's

Home Consumer Distribution

General Trends

The largest growth on a national and worldwide basis of any market sector over the past decade has been in home consumer video and more lately DVD markets. Even the economics of Hollywood features has changed with more money regularly being earned in home video than in theatrical distribution. In effect, theatrical distribution is now often primarily a massive form of promotion for video and DVD sales downstream. While most large cities will have at least one specialized independent video outlet, most video store distribution has been concentrated in the hands of giant conglomerates like Blockbuster, Videotron, or Rogers in Canada. These are unlikely to stock many titles that are non-traditional and have less than mass appeal.

Whereas individuals used to rent videos from video clubs and stores, there has been massive growth in the sell-through market and home-based video and DVD collections have become standard with increasing numbers being sold, as well as rented, from video stores, mass merchants and increasingly via the Internet. Pricing of individual titles in the home market is much lower than traditional institutional pricing and has had the impact of driving non-theatrical pricing downward.

Libraries as part of the Home Consumer Market

Another impact of the demand for home video has been in the Public Libraries, which have effectively been transformed from Non-Theatrical clients, purchasing tapes with public-performance rights for viewing on their premises – often in small group screenings. Libraries now purchase videos and DVD's to supply their public's demand for home viewing. This shift is an important one for distributors to recognize since libraries have long been a traditional customer base that now has new requirements.

The Library market in Canada is a sizeable one. In 1997, Statistics Canada reported²¹ that the total of public libraries, university and special libraries in Canada numbered 1,719 with 4,914 service points (branches, departmental libraries). Of these there were 1,025 public library administrative units with 3,606 branches and total expenditures of \$711 million per year for materials, of which audiovisual constitutes a small but important part.

The past few years have seen amalgamation and centralization of library systems both in large urban centres and in rural settings. Budgets for purchase of audio-visual materials in many of these library systems remain healthy, as libraries recognize that providing a solid audio-visual collection is important to their relevance to clients. Libraries have cultural goals and a particular interest in Canadian content, but they still are primarily interested in stocking videos that will move off the shelves. Librarians are generally overworked and understaffed and rely on distributors to provide them with information about new releases in a manner that is clear and easy to use.

²¹ Statistics Canada, Counting Libraries: Reading Between the Lines, Focus on Culture, summer 1997.

Recommendation 10: Improve marketing to Libraries

1. Recognize that libraries are now a "home video" market selecting videos and DVDs for individual public loan.
2. Create attractive packaging that will have shelf-appeal to the browser.
3. Utilize public libraries both for revenue generation and as a key point of contact for the general public with media arts works at no cost to the viewer.
4. Be more pro-active in communicating with public libraries that like to find out about product through both print material and e-mail.
5. Attend major media showcases or organize media-showcases on local levels.
6. Know the correct contact and ensure face-to-face relationships with key libraries.
7. Price product appropriately and show willingness to negotiate on price and make volume deals.

Individual consumer and collector market

Historically the distributors have focused and in many cases restricted their activities to institutional markets (festivals, education, community organizations, television, cinemathèques, etc.). They have thereby missed out on establishing a presence in the home video and DVD direct-to-consumer sales markets which have been the fastest growing and most lucrative sector for many mainstream and specialized distributors.

The potential size of the home collector market for artist film and video is limited but still substantial, especially when approached on a global basis, but it has been hard to reach in the past. The Internet and e-marketing have changed that situation and become cost effective tools for marketing to previously unreachable potential clients.

Pricing has been a major deterrent to artists and distributors' willingness to operate in the home consumer arena. While commercial, mass-market entertainment videos are selling for between less than \$10 to a normal price of about \$20, standard DVD pricing is higher. More relevant to artists films and videos, pricing of the Criterion Collection's high quality DVD versions of 35 key artists are selling for \$39.95(US) each, including a two DVD set of 26 Stan Brakhage films. Likewise, the NFB is offering a two-disc collection of Norman McLaren for \$49.95, Atanarjuat for \$39.95, and films of Grant Munro for \$34.95.

Recommendation 11: Develop the individual consumer and collector market

1. Determine whether goals for an individual collector marketing initiative should be visibility and access or revenue based.
2. Research the price sensitivity of collectors for high quality limited edition DVD retrospectives of key Canadian artists' work. Establish price points based on the number of copies in the edition and do not under-price the DVD offerings.
3. Develop a line of high quality, limited edition DVD retrospectives of key Canadian artists' work, including print documentation. Market via the web and e-marketing campaigns, and offer at premium prices to collectors as well as sell through galleries, museum bookstores, direct mail catalogues, and artist-run centres.

Anticipated impacts of recommendations 10 and 11 include:

- Creation of a line of well packaged DVD and video offerings for the home consumer market
- Establishment of consistent and appropriate price points for home collector and library markets
- Increased public accessibility to media art works for loan through public libraries
- Increased public accessibility to media art works for purchase by individual collectors through a wide variety points of purchase
- Development of a new and growing market resulting in increased revenues for distributors and artists

Festivals and Cinemas

Festival Trends

Over the past ten years there has been an exciting explosion of specialized film and video festivals, not only in Canada but also around the world. Operating in close collaboration with their communities these festivals have become perhaps the key venue for public viewing of independent non-mainstream work. They are the visibility makers for artists, the way to improve their reputation and contacts. They generally work with extremely small staff infrastructures, rely to a great degree on volunteer participation, and succeed by keeping very specific focuses to their programming.

Unlike the major international film festivals, they are seen less as marketing opportunities for films which will go on to theatrical careers than as the place where people will have perhaps their only opportunity to see the works on a large screen. This difference is reflected in policies to pay the artists and distributors for screenings of their work, unlike major film festivals where screenings are treated by artists and distributors as a marketing cost. Festivals willingness to pay screening fees is also a reflection of their closeness to the creative community and their recognition that they have become one of the most important sources of distribution revenue for the artists.

They do share with major festivals their role as gathering places for artists, distributors, critics, public, funders and especially for other festival programmers, television programmers, and media curators. A festival's reputation is secured when it becomes a reference point for other festival programmers, who use its programming choices as a guarantee of the quality or importance of work. Therefore, while few specialized festivals organize traditional markets – they are themselves marketplaces where the career of certain productions and artists can gain significant momentum.

Festivals are extremely selective and having a film or video programmed is a legitimate sign of quality of the work. Programmers receive large numbers of submissions. Among those interviewed they range from 200 submissions for 50 slots, 250 submissions for 30 slots, to 300 submissions for 30 slots. In general only around ten percent of submissions are accepted for screenings. Canadian festivals generally have it in their mandates to present Canadian work and this provides excellent opportunities for Canadian media artists. Of course, each work then struggles to stand out in the total program, to attract the attention of public, press, and other programmers. Attendance at festivals by the artist is probably the most important method of attracting attention for the work, and artists are also able to network with programmers and utilize the occasion to further promote their work. Their participation in discussion panels is an excellent method for promoting their work and careers.

While mainstream distributors work the mainstream festivals hard as a locus for further marketing, in general the Council supported distributors often do not take advantage of these opportunities. Their focus is on working with the festivals as an end market.

Festival programmers tended to report that they rely strongly on the distributors to make them aware of new titles, they also indicated that they often do not have personal relationships with the distributors because the distributors have not attended their festivals, or spent time with them face to face on other occasions. There was a general feeling that distributors could be more pro-active.

The distributors recognize that they are not present enough at festivals, are constrained by travel costs, and building relationships has suffered from staff turnover. Whereas travel grants are available for artists, they would need to finance their travel from operating funds. Therefore, they generally have a presence only at festivals in their own locality, and rely on artists to represent their broader community when they attend festivals. In order to reduce shipping fees, some distributors are creating special compilation screeners of titles they submit to specific festivals.

The Council supported distributors respond to their artists' desires and the importance of festivals by investing substantial time and energy into marketing their works to festival programmers. The number of festivals and the requirements for previewing and application forms make this work extremely labour intensive. There is no single festival season, and serving this market is a year-round activity. The distributors therefore prioritize festivals and works for submission. This requires both working closely with and managing differences of opinion with artists about the advisability of submitting a particular work to a particular festival, particularly if it is a festival that does not pay screening fees.

As an example of the level of activity one of the Council supported film distributors reports submitting over 5,600 works (including duplications) for preview in a single year and renting about 800 films to over 150 festivals worldwide. One of the video distributors reported submitting 450 cassettes to 157 festivals worldwide, with a result of 204 works programmed in 73 festivals.

Recommendation 12: Stronger relationships with festivals

1. Be more pro-active in communications with festivals.
2. Invest energy in developing personal relationships with festival programmers.
3. Attend selected festivals to improve understanding of their needs, to network with other festival programmers, and to more actively promote and publicize chosen films and artists.
4. Explore partnerships with festivals to mount curated touring programs.

Cinema Trends

There is a serious problem in the cinema exhibition of Canadian works on our cinema screens, more extreme in English Canada than in Quebec. Studies have been undertaken, strategies developed by Telefilm Canada, exhibitors associations and the Department of Canadian Heritage. Nonetheless, and despite last year's exceptional year in Québec, few Canadians get to see the works of their own artists on large screens outside the festival circuit. This problem afflicts commercial cinema and so, even more does it affect non-commercial works created by artists. Shorts, experimental works, animation, documentaries, are all categories that have an even harder time finding their way to cinema screens.

However, there are some models that seem to be working. These include film circuits which tour smaller Canadian centres and the small network of alternative independent cinemas and collectives such as Cinema Parallel in Montreal, PleasureDome in Toronto, and Main Cinema in Edmonton, Winnipeg Cinematheque (part of the Winnipeg Film Group), the three fully functioning cinematheques, Pacific Cinematheque in Vancouver, Cinematheque Ontario in Toronto, and Cinematheque Quebecoise in Montreal. The Ontario Film Circuit often achieves bigger audiences by touring smaller centres than mainstream distributors get from cinemas in Toronto. These organizations often have as part of their mandates the programming of independent Canadian works but sometimes find that distributors are not proactive enough in proposing their works.

Cinéma Libre, the only one of the ten distributors actively involved in cinema release of feature films, has found that there is a lack of screens available for alternative work in Montreal. While there are more and more cinema screens in the area, they program fewer and fewer titles. Major distributors control the programming because their buying power and high volume of releases get the screen time.

Recommendation 13: Exhibit more media arts works on cinema screens

1. Engage in strategic discussions with independent exhibitors, film circuits, and cinematheques to develop innovative approaches to programming media arts works. Only consider developing self-managed cinema exhibition within the context of agreements with existing distributors.
2. Work with existing circuits (Ontario Film Circuit, Moving Images) to include artist made short films and videos ahead of features, and to program occasional compilations of the best independent artists. This would meet needs outside the major centres.
3. Be more proactive in approaching programmers to propose programs and to participate in the programming of experimental, documentary, and narrative compilation programs and retrospectives of individual artist's work. Ensure that programming by one exhibitor is promoted to the network of all the others since they often pick up programming ideas from one another.

4. Artist centre distributors and the arts councils should have a strong and vocal presence in the national debate to ensure Canadian presence on Canadian screens.

Anticipated results of recommendations 12 and 13 include:

- More effective marketing to festivals and cinemas based on increased knowledge and relationships with programmers
- More visibility for selected titles at festivals
- More presence of independent artist driven productions on Canadian screens both in and outside major centres.
- More visibility for the sector in the press and with new audiences.
- Development of a theatrical revenue stream.

International Markets

The market for media arts is clearly a global one and artists aspire to success on a world level. It is an environment that is highly competitive and recognition in one key international market opens the doors not only to others but as well provides great impetus toward respect and exposure in the Canadian market. For reasons of professional development it is also as important for Canadian artists to have access to leading international work as for Canadian work to be seen in international venues.

Except in the area of festival screenings, artists tend to manage their international careers themselves, including finding internationally based distributors. Their opinion of U.S. based distributors is not high, often based on difficult and disappointing personal experience, and they prefer to have the American market handled by their Canadian distributor even if it is more reactive than pro-active in the marketplace. The same is not true for Europe, Asia or other international territories.

The Council supported distributors are highly focused on serving the Canadian market and have not successfully developed the potential for audiences and revenues in the international market except in the case of international festivals. They do see the Internet as a key marketing tool due to its global reach. Forays into the international market are generally opportunistic and not strategic. Many of the distributors do attend key European festivals and all recognize the potential for developing the market. They have undertaken discussions with European counterparts and ideas for collaboration have been floated. The development of a serious international marketing component requires above all a dedicated commitment, consistency of approach and the long-term development of relationships.

Recommendation 14: Establish a strategy for international marketing
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1. Engage a European agent to represent to international television (Europe, Africa, Middle East, Asia) a selection of the most marketable titles selected from all the distributors' collections.
2. Assign responsibilities for Canadian, U.S. and Latin America to sales agents operating on behalf of English and French distributors.
3. Ensure at least one of these sales representatives attends all key international television markets.
4. Utilize specialized Canadian companies as non-exclusive agents in specific developing markets such as India and South-East Asia.
5. Negotiate international projects and partnerships with Canadian and international media arts organizations.
6. Partner with international artist centres to bring international touring shows to Canada and Canadian touring shows internationally.
7. Develop strong working relationships with DFAIT Cultural Affairs Division and with individual cultural representatives in Canadian embassies abroad.
8. Streamline travel grants for artists to network at markets & festivals.
9. Research international distribution models to integrate best practices.
10. Research European and US venues, alternative arts circuits, and share research and contact information among all distributors.

Anticipated results include:

- Increase audiences and revenues from International markets.
- Increase visibility for Canadian media arts abroad.
- Expose Canadian audiences to international media arts.

Internet

Distribution via the web

It is clear that the Internet has not yet become a major channel for the distribution of audio-visual materials – either through streaming or downloading. A combination of technical and rights issues have prevented earlier estimates of development from being attained. Every Internet distribution system is still struggling with development of a business model to support the high costs of operation. However, there is enough activity in this field to assume that some version of Internet based distribution is just a matter of time.

Technologically, a new generation of silicon chips will soon be implemented sending data at speeds as much as 50 times faster than previous switching records and the long heralded merging of computing and communications worlds will be much closer to reality.²² Efforts by major film distributors to manage the dissemination of their feature films via the web mean that major investment is happening in areas of rights management.

Major distribution players or broadcasters manage current Canadian projects streaming video. Magic Lantern offers on a commercial basis two Internet distribution models – Insight and Tutorbuddy – to teachers and learners. The National Film Board offers its CineRoute service on an R&D basis to selected educational institutions and is currently rolling out a trial service to individuals at home. Saw Video in Ottawa has recently launched a website screening 500 complete works for which it pays minimal license fees to creators.

Silence, on court! is a web platform for diffusion of shorts, primarily francophone, produced by the NFB in partnership with Radio-Canada. At www.silenceoncourt.tv users can watch, for free, hundreds of short films and access webzines covering all aspects of short filmmaking. The website is twinned with a weekly television program broadcast by ARTV. www.zed.cbc.ca is another website linked to a television series – *ZeD TV* broadcast nightly on CBC which streams short films and creates space for discussion of the works.

Internationally there are a number of broadcaster-associated websites that are paying for video materials. For instance, France 5 is paying for cyber-docs at about \$7,500 each (www.france5.fr). The U.S. based global network Discovery is also moving in this direction and paying around \$2,000 (www.discovery.com).

Among Canadian commercial distributors, there is a general consensus that digital distribution (both streaming and downloading) will become a serious, if not dominant reality within a period of about ten years. Since only the largest, best-funded organizations will be able to afford the maintenance of such distribution mechanisms,

²² New York Times, Intel Says Chip Speed Breakthrough Will Alter Cyberworld, by John Markoff, February 11, 2004.

there is a sense that this will hasten the disappearance or consolidation of smaller distributors. Within the Canadian commercial non-theatrical distribution scene, there is a wide belief that only Magic Lantern and the National Film Board will have the resources to be able to operate Internet distribution systems serving education and other institutional clients.

A key issue for Council supported artists and distributors is the future use of the Internet as a medium for distribution. There is a fairly strong consensus that, aside from the streaming of short excerpts of works for promotion purposes, entire films and videos should not be offered for web distribution for free. As license fees for web distribution become the norm, it will be increasingly important for distributors to access these new channels of distribution. They will also have to consider participation in services offered by other institutions – some of which are direct competitors.

Marketing Via the Web

The Internet has become one of the primary marketing and publicity tools for film and video distributors. Functionalities commonly used include promotion of new releases, searchable online catalogues, online commercial transactions, and direct e-mail marketing campaigns. Almost every distributor utilizes the web for the first two of these purposes, but it is generally the larger distributors who successfully operate transactional websites and direct web marketing.

It is clear from speaking with clients, that while they expect excellent websites from their suppliers, they do not believe that the web has supplanted the continuing need for excellent print materials, including catalogues. The larger non-theatrical distributors, like Magic Lantern and the NFB not only have extremely high quality websites but also have integrated these with print materials, direct mail campaigns and direct personal selling. Unfortunately, due to cost constraints, several Council supported distributors have ceased producing print catalogues and rely solely on their web catalogues.

The NFB reports that their website offers two minute excerpts of 2000 titles and that the web now accounts for 50% of their home consumer sales and 10% of non-theatrical sales in Canada. In the U.S. it accounts for 36% of home consumer and 6% of non-theatrical sales. E-mail marketing is working well and the return on investment is substantial. The NFB has about 5,000 on-line customers who have given permission to be offered promotions by e-mail. About 500 of these customers are non-theatrical. The growth trend of their web sales is up.

The NFB believes there is potential in the international non-theatrical market but that serving it is extremely labour intensive so they are considering launching a European store on their website. Likewise, Magic Lantern finds the website better for information than for online sales. They do occasional e-mail marketing and have found it to be effective and profitable, generating around \$5,000 in sales within a couple of days when well targeted. On their website they have mounted most of their teachers guides and detailed correlations between their offerings and curriculum in each of the provinces.

Web User Needs

In March 2001 the NFB undertook a major qualitative study to understand the Internet use and preferences of broadcasters, educators and librarians, journalists, filmmakers and animators.²³

Broadcasters find that the Internet offers an enormous pool of information and is an essential tool. They have high-speed connections, but schedules limit their access. They rely on the web heavily in researching films. Some examine databases and catalogues specifically to buy programs while others don't. They don't require online transactions.

They need websites to be current and clearly presented with ease of navigation, a simple search engine and an ability to find what you're looking for. From a distributor website they would like information on current productions including planned completion dates, descriptions, producer and director names, and any exclusivity already committed. For films in the catalogue they want title history including where films have been broadcast. They'd like the sites to point them to direct contact information and to provide film clips.

Educators and Librarians mainly have high-speed access. All schools and public libraries have Internet access but there are many inconsistencies. They are heavy Internet users – for research, professional development, and curriculum development materials. Most do not purchase goods and services online.

Despite the Internet being an increasingly important tool, there is great dependence on printed materials for film and video information. They use the Internet as a secondary source for information for film purchases. Print catalogues; critiques in journals, and recommendations are key. Most learn about distributor websites through printed materials.

They want distributor websites to be clear and easy to understand with quick download times and to be easy to print. They should provide current and complete information including contact information (including mailing address). They'd like sites to provide detailed information, including how to integrate films into the learning process, with general information on how it relates to curriculum. They want film descriptions to ensure age appropriateness is noted. They want new releases to be displayed prominently and to be able to view excerpts online. Librarians want to index films by title, while educators would like to index by subject (curriculum).

Journalists find the Internet a reliable, easily accessible source of information. They generally have high-speed access and are heavy users of the web (10-15 hours per week). They generally go online with a purpose – to gather information, check facts or spelling, and to get additional background on stories. The Internet does influence what journalists write about and ease of access determines choices. They are eager for detailed

²³Internet User Needs Research: Qualitative Research Results, prepared by Corporate Research Associates Inc. for National Film Board of Canada, March 1, 2001

information providing direct contacts, broadcast dates, credits, how films could be used in classroom.

Their key need is direct contact information. They want easy navigation, clarity and up-to-date information. They often find out about web sites by being directed there through press releases and other printed materials. They would like to be able to view clips online and prefer films to be indexed by title or subject information.

For **filmmakers and animators** the Internet is an increasingly important tool. It is primarily used for communication (email) and it has become critical for creative development and production research. French filmmakers and animators show less awareness and comfort with the web.

Their Internet needs are for current information, clarity, ease of navigation and ability to find what they are looking for. Quick access with no long downloading time is important. They'd like clips from films and information on distribution and broadcasting progress. Filmmakers' ideal websites would include information on distribution including information on broadcasts and screenings and the ability to order films online and lists of locations where films are available.

More information on Canadian Internet usage will be available later in 2004 through the Canadian Internet Project (CIP), a comprehensive research study that will investigate Internet usage patterns and the resulting social, economic and cultural implications in Canada. It will be in the field in spring of 2004 with its first survey. Coordinated by the Canadian Media Research Consortium (CMRC) and affiliated with UCLA's World Internet Project, this long-term study is the first to bring together a tripartite partnership of government, industry and academe to investigate the relationship between online technologies, cultural content and the attitudes and receptivity of the public to new forms of content.

Current Web Initiatives of the Council Supported Distributors

Each of the ten distributors has created a websites offering different functionalities and designs. Some are quite client-friendly in their search capacities, others provide excellent information if the client knows what title or artist she is searching for. Clients searching for Canadian media arts works would need to search through ten different sites to get a comprehensive view of the approximately 9,000 titles being offered let alone the hundreds of titles being actively marketed.

None of the distributors alone are able to invest enough money and staff time to ensure that the sites are maintained and promoted at a competitive standard with other for profit distributors. Only a few of the sites are able to offer streaming excerpts of key titles in their catalogues to enhance client previewing. Nor are any of the sites currently offering much in the way of on-line transactional ordering capacities. E-mail marketing campaigns are generally not integrated into the websites.

Other distributors are winning new clients through transactions on their websites. For instance the NFB site is generating 50% of its individual consumer sales revenue in Canada and 36% in the U.S. Transactions by educational and institutional clients are slower to develop but at the NFB are 10% of total in Canada and 6% in the U.S. Both the NFB and Magic Lantern report that e-mail marketing campaigns tied to their websites are generating substantial return on investment. Essentially, the distributors are not able to keep up with increasingly important trends in E-marketing.

Recommendation 15: Build a national media arts website.

1. Establish and promote a national bilingual Website with transaction capacity, which would act as a single source Internet window for information on titles available for sale and/or rental.
2. Include two-minute excerpts for preview purposes only.
3. Design architecture to take advantage of the strengths of the sites of individual distributors who would continue to be responsible for entering new title information and linking through the umbrella site.
4. Develop a national e-mail marketing strategy and manage campaigns on an integrated basis.

Anticipated Results include:

- A single window for Canadian media arts visible in Canada and around the world.
- Increased sales and revenues.
- Improved website providing functionalities not affordable by individual distributors.
- Improved client service orientation.
- Ability to run effective e-mail marketing campaigns on a national and international basis.

Gaps and opportunities

Atlantic Canada

The lack of an Atlantic Canada based distributor since the disappearance of AIM is felt as a disadvantage by the production communities in that region, but not enough so as to inspire them to create a regional distribution capacity. This leaves the Atlantic as the only part of Canada unserved by a regionally based distributor. If the Atlantic communities are prepared to develop a distribution initiative, it should minimize new infrastructure expenditures and support rather than detract from the existing distributors. One possible method would be funding one of the area's media arts production centres and linking it administratively with existing distributors in order to avoid creating heavy administrative infrastructures.

Aboriginal Program Distribution

The Aboriginal Arts Alliance approached Vtape to assist in the creation of the Centre for Aboriginal Media, which began operations at the same time as APTN (Aboriginal Peoples Television Network). Both these initiatives have helped to develop a more active and professional media arts community within the Aboriginal population.

A catalogue was created to focus on the multitude of works created by Aboriginal artists and the distributors across North America handling their works. With Council support exchanges were undertaken with New Zealand to build a global First Nations network. A successful festival – Imaginative – was launched helping to make up for the vacuum caused by the disappearance of Dreamspeakers. Head programmers attended the most recent festival from all other native festivals and it has become a key element in the creation of a world indigenous media arts market.

While Aboriginal media are licensed to many broadcast outlets and handled by many distributors, APTN and Vtape, which has put significant energy into fostering the development of the Centre for Aboriginal Media, have been playing a central role. APTN's series Imaginative has repackaged short works for broadcast and helped to develop an international market for the packages. APTN is the first window for television sales in Canada and pays up to \$3,000 for an original half-hour. A second window is often Wawatay. Vtape has been marketing much of the work to festivals, galleries, television and schools and many Aboriginal artists use both Vtape and Video Out as their distributors.

Given a number of initiatives to bring new talents to the media arts it is expected that there will be a great influx of new work by Aboriginal creators. One question raised is whether it is time for the development of an Aboriginal distributor? Would other distributors support such an initiative and how could they work collaboratively? Who would lead such an organization? Should it be located in Toronto or in the West, which is home to most Aboriginal producers and artists? What lessons can be learned and what

possible relationships could it have with the U.S. based aboriginal distributor Shenandoah Films. These are all questions to be considered by the distributors and by the Council in considering the advisability and viability of such a specialized distributor.

New Media Distribution

The Council's annual operating grant program for distributors currently supports exclusively film and video distributors. This leaves questions about how best to support media artists working in other media – often incorrectly grouped under the term 'new media'. These include such media as audio arts, interactive works on platforms such as CD-Rom or DVD or the Internet, as well as installation projects which may be video based but are designed for immersion in specific environments and do not translate into single channel video distribution. These works are often extremely experimental and are oriented totally toward cultural and artistic success, measured as respect for the work. They will almost always be more expensive to distribute than their potential in revenue generation.

Many accomplished artists and arts organizations are working with these media and technological advances ensure that new kinds of media arts will be constantly emerging in the future. Artists and organizations find that there is project money available for production, distribution, and diffusion of their works, but not long term ongoing distribution support. Often there is no existing distribution channel that adequately serves the needs of these artists and arts organizations are striving to create such channels on their own through self-publishing initiatives.

These organizations argue that distributors need to adapt their activity to meet the needs of artists. They are also often more oriented to activities in Europe than within Canada because of a more welcoming environment there. There is a sense that much important contemporary art doesn't make it to Canada and that much of this art is media art; that there is a disconnect between Canada and the rest of the world.

The Council supported film and video distributors are well aware of the challenges represented by taking on these kinds of works and are seeking to work with their artist members to develop new models. However, there is no question that they are more knowledgeable and expert in film and video distribution and lack human and financial resources to invest in significant new media distribution. Is there a way for the existing distributors to play a major role in new media distribution? Is this an area where chances of success could be optimized through regional or national collaboration rather than on an individual distributor basis?

In considering these questions, the voices of new media organizations would add critically to the debate. These organizations, living on the edges of media arts, are often aware early on of new distribution and diffusion trends, especially internationally, and are forced to take non-traditional points of view about distribution. They represent critical and fresh viewpoints about distribution and the media arts distribution ecosystem needs to integrate them into the process of strategic development for the future.

Recommendation 16: Council and the existing distributors should explore how best to deal with gaps in the system.

1. Distribution in Atlantic Canada.
2. The question of a specialized Aboriginal media arts distributor.
3. Distribution of media arts other than single-channel film and video.
4. Solutions should ensure that they make use of optimal pooling of existing resources rather than creation of completely stand-alone organizations

Canada Council

Distributors and artists had extremely positive comments about the Council and particularly its Media Arts Section and its staff. "Without the Council we'd be sunk, and many countries have nothing.... The Council has put Canada on a different footing. It has helped sponsor a level of production which is out of scale with the size of our country," said one artist. "Our relationship with the Council is great. The people there have a strong desire to be better advocates," said one distributor. "The officers work for the artists' benefit and it shows.... They listen to artists," said another.

In general, comments about how the Council could improve their operations had to be coaxed from the interview subjects, and there was a clear message that in general, the level of satisfaction is very high. Encouraged to identify specific areas where improvements could be made, the list that follows emerged. Suggestions may come from one or more different sources and do not imply a consensus among the interview subjects. Of course, increasing the levels of funding was sometimes raised especially in the context of greater government priorities to the Council for culture in general. Other interviewees suggested that the problems do not require more money, but rather a more focused use of the funding available.

In some cases, the suggestions reflect perceptions rather than realities – in other words, the existing Council programs may actually already address these concerns. However they are included because they are important indicators that at a minimum, communication and education about the Council's programs need to be ongoing. In a very few cases, the suggestions are those of the report's author – particularly regarding the clarity and availability of information about the information available from distributor reports.

Recommendation 17: Canada Council Media Arts Section should consider ways to improve its operations in the following domains: Funding Programs, Relationships, and Proactivity.

Funding Programs - General

- Reduce category confusion and increase access to different pots at Canada Council.
- Be more transparent about the competitive process for funding, upfront about the dimensions of funding and transparent about decisions.

Operating Grant Program

- Find incentives to reward success. For instance, distribution organizations that recover a greater percentage of their distribution costs through earned revenue should be rewarded by an increase in distribution funding from CCA.
- Support new media and audio distribution under the program

- Establish certain norms for all annual reports, particularly as relates to quantitative information. Reports should be more results oriented rather than activities oriented. Currently comparisons among distributors are extremely difficult to make due to differences in terminology and a tendency to report on activities rather than results.

Project Grant Program

- Provide project money for distribution as well as production and diffusion.
- Simplify and lighten the grant process for projects and outreach.
- Support creation of print catalogues through publications program.
- Establish a fund for versioning into other languages.
- Outreach program should reconsider its limit of one travel grant per year when dealing with distributors located far from the Ontario-Quebec axis which represents the majority of the market.
- Travel grants for festivals should be extended to distributors as well as artists.
- Remove obstacles to partnering between festivals and distributors by supporting touring festivals.
- Increase flexibility in quick funding decisions to take advantage of time sensitive opportunities.

Relationships

- Increase number and length of visits by staff to distributors and festivals.
- Ensure at least annual meetings of the funded distributors to focus on common distribution issues.
- Increase collaboration with provincial arts councils – meet more often to define common issues & initiatives.
- Lobby NFB to halt cherry picking of titles from independent producers.

Proactivity

- Develop initiatives to increase number of curators and bring new curators into the field.
- Sponsor special initiatives in specific markets like schools, or museums, - on a sustained, regular, continuous basis.
- Be present and take a strong and vocal stand in the national debate on exhibition – lobby government for screens in Canadian theatres.
- Research definitions of media-art federally, provincially, and internationally and work toward an agreed definition.
- Research new models of distribution arising outside of Canada.
- Organize a Media Arts Conference to contextualize the history and future of media arts.

Visibility and awareness of media arts

It was remarkable how many professionals in the film and television industry indicated a lack of awareness of the entire media arts enterprise, let alone of individual works of art or the careers of all but a handful of artists. The place played by the media arts centres in both production and in distribution was generally unknown and unacknowledged. In exploring this phenomenon it became clear that this reality extended beyond the film industry and that there is low visibility and awareness of the media arts sector within the broader contemporary arts community and with cultural audiences in the general public.

This lack of awareness creates a difficult environment in which the distributors operate. It makes it harder to attract broadcast commitments, press attention, and exhibition opportunities. It is also not a positive environment for convincing government and corporate funders of the case for ongoing support. Neither is the media arts sector seen as naturally having a place at the table when other cultural-industry groups gather to discuss or influence public policy.

This initiative is clearly not a job for the distributors alone and would require substantial partnering across the cultural sector. Therefore, it is placed at the end of the report, for particular consideration by the Canada Council and Arts Councils and organizations across the country.

Recommendation 18: Collaborate to build awareness and visibility for the media arts.

1. Under the leadership of the Canada Council, develop a strategic visibility program and establish publicity resources to raise awareness of Canadian media arts.
2. Market the idea of media arts, by getting articles and media coverage about works and artists written, published, webcast, or broadcast in influential media including:
 - a. Arts community press (*Bordercrossings*, *Parachute*, *C Magazine*, *Canadian Art*, *Akimbo*)
 - b. Film and Video community press (*Playback*, *Take One*, *POV*, *Qui Fait Quoi*)
3. Market specific events, screenings and installations to cultural audiences in the general public by getting coverage in the alternative press (*Eye*, *Now*, *Voir*, *Hour*, *Mirror*, *Georgia Straight*, etc.) as well as CBC & SRC and community radio.
4. Create an annual touring national survey show in collaboration with high profile museums and organize master classes at festival events.
5. In association with Arts Councils negotiate annual television windows for selections of award winning media arts.
6. Move facilities whenever possible into higher profile cultural neighbourhoods in major cities.
7. Increase outreach to emerging (or isolated) artists on possibilities for distribution.
8. Participate with other cultural sector organizations, particularly in the film and video sector to raise policy issues with key government departments and agencies.

For example current efforts are underway to unite the various sectors in the film industry (producers, directors, filmmakers, actors, etc.) to educate and pressure the CRTC about the impact of some of its licensing decisions and policies.

Anticipated results include:

- Increased awareness of media arts (artists and works) within arts community, film and video community, and among cultural consumers within the general public.
- Increased audiences for works.

APPENDIX 1: LIST OF RECOMMENDATIONS

Recommendation 1: Individual distribution organizations should join forces with others in their region and reinvest savings created by sharing of specific functions. The best model for collaboration may be the contractual alliance, permitting each organization to maintain its independence while committing explicitly to specific areas of shared operation for a determined time period. Regional alliances would be easiest to maintain and to monitor and could demonstrate almost immediate short-term results. Among other options they could:

1. Share space & technical facilities.
2. Share administrative systems.
3. Share marketing and sales staff.
4. Develop collaborative marketing projects

Recommendation 2: Establish a series of national umbrella marketing projects to improve results in specific areas or to establish common tools. Detailed recommendations for these projects will be found later in the report but they include such areas as:

1. Marketing to Canadian and International television
2. Marketing in collaboration with external partners
3. Marketing to education
4. Marketing to museums, galleries and artist-run centres
5. Marketing to libraries
6. Marketing to individual consumers and collectors
7. Relationships with Festivals
8. Marketing to cinemas
9. International marketing
10. Building a national media arts website
11. Serving Atlantic Canada
12. Marketing Aboriginal works
13. Marketing new media works
14. Building awareness and visibility for the media arts
15. Market research projects
16. National and International touring programs

Recommendation 3: Foster collaboration by establishing annual or bi-annual meetings.

Recommendation 4: Improve organizational health of individual distributors by addressing human and technical resources issues.

1. Ensure that distribution staff is paid a competitive wage in line with cost of living in their city.
2. Review benefits packages to make them more competitive with the industry.
3. Ensure that staffing levels in organizations are sufficient to meet performance expectations.

4. Prioritize training and ongoing professional development.
5. Focus energies on distribution, as opposed to collection maintenance or diffusion activities.
6. Fill positions with experienced marketing and distribution staff.

Recommendation 5: Develop a Collections Strategy and recognize conservation of media arts heritage as a priority.

1. Develop a master list of titles held by the distributors, identifying duplication and overlaps.
2. Develop a plan for restoration and archiving of reel-to-reel and 3/4" video collections, as well as new prints of films.
3. Establish specific funds for custodial activities, in collaboration with provincial arts councils, Canadian Heritage, and National Archives. The upgraded archives could be located within a distribution organization, within a museum collection, or placed with a commercial supplier.
4. Enforce archival quality standards for collection storage either on a regional basis -Vancouver (1,739 titles), Winnipeg (1,435 titles) Toronto (5,472 titles), Montréal-Québec (2,943 titles), or on a national basis.
5. Establish a plan for maintenance of collections incase a distributor disappears.
6. Restore collected work of at least one major artist per year.

Recommendation 6: Partner with external organizations.

1. Negotiate with Visual Arts section of the Canada Council; negotiate with the major public museums to increase curatorial attention and public exhibition of media arts.
2. Negotiate with Department of Foreign Affairs and International Trade (DFAIT) and Cultural Affairs Officers in embassies to support international touring.
3. Negotiate with the National Film Board to participate in some of their digital delivery initiatives such as Mediatheque and CinéRoute, and to act as a sub-distributor through their Internet Stores.
4. Negotiate with the National Archives and/or the National Film Board for consulting services and advice on best practices in archiving and restoring media arts collections.
5. Negotiate a partnership with leading post-secondary institutions teaching film and video production to provide a program on marketing and distribution.
6. Negotiate with key potential private sector suppliers for partnerships and discounted services in areas of computer support, DVD creation, linguistic services.

Recommendation 7: Improve marketing to television programmers.

1. Use model of collaboration between Ontario Arts Council and TVOntario to package series of media arts works on public broadcasters.
2. Use model of NFB and Atlantic and Newfoundland regional CBC to package series appropriate for regions for use on provincial, local, or regional CBC broadcasters.

3. Establish single television sales professional positions for English and for French titles held by all the distribution organizations. These positions should be responsible for Canadian and international sales, playing the main sales role for the Americas and acting as the key contacts with a European agent.
4. Become informed about and participate in lobbying efforts with the CRTC that would create more opportunity for artists' work to be exhibited on television.

Recommendation 8: Improve marketing to Education.

1. Develop print promotional materials for educators including:
 - a. A new releases catalogue for direct mail to educators at least once a year including titles from all distributors selected and organized according to curriculum fit;
 - b. Specialized thematic promotional materials including titles from all distributors selected to meet specific high priority client subject area needs (i.e. media education, history, etc.).
2. Establish a consolidated educator client history database for use as a mailing list, based on clientele from all ten distributors supplemented by list purchases or original research.
3. Ensure websites are organized to provide educators easy search capacity by subject area.
4. Participate in key media markets (Ontario, Alberta) and other regional media showcases in other key municipalities.
5. Establish a national 1-800 call centre service.

Recommendation 9: Improve presence of media art in museums, galleries, and artist-run centres.

1. Undertake research and develop a strategy crafted to reverse the decline in regular exhibition of experimental film and video in museums and to support gallery and artist-run centre exhibition. This needs to be done with full involvement of the arts councils (media arts and visual arts divisions), museums, galleries, artists, and distributors.
2. Distributors need to build relationships to ensure that museum curators see media arts work.
3. Explore the potential for high quality limited edition DVD's for sale through galleries.

Recommendation 10: Improve marketing to Libraries.

1. Recognize that libraries are now a "home video" market selecting videos and DVD's for individual public loan.
2. Create attractive packaging that will have shelf-appeal to the browser.
3. Utilize public libraries both for revenue generation and as a key point of contact for the general public with media arts works at no cost to the viewer.
4. Be more pro-active in communicating with public libraries that like to find out about product through both print material and e-mail.
5. Attend major media showcases or organize media-showcases on local levels.
6. Know the correct contact and ensure face-to-face relationships with key libraries.

7. Price product appropriately and show willingness to negotiate on price and make volume deals.

Recommendation 11: Develop the individual consumer and collector market.

1. Determine whether goals for an individual collector marketing initiative should be visibility and access or revenue based.
2. Research the price sensitivity of collectors for high quality limited edition DVD retrospectives of key Canadian artists' work. Establish price points based on the number of copies in the edition and do not under-price the DVD offerings.
3. Develop a line of high quality, limited edition DVD retrospectives of key Canadian artists' work, including print documentation. Market via the web and e-marketing campaigns, and offer at premium prices to collectors as well as sell through galleries, museum bookstores, direct mail catalogues, and artist-run centres.

Recommendation 12: Stronger relationships with festivals.

1. Be more pro-active in communications with festivals.
2. Invest energy in developing personal relationships with festival programmers.
3. Attend selected festivals to improve understanding of their needs, to network with other festival programmers, and to more actively promote and publicize chosen films and artists.
4. Explore partnerships with festivals to mount curated touring programs.

Recommendation 13: Exhibit more media arts works on cinema screens.

1. Engage in strategic discussions with independent exhibitors, film circuits, and cinemathèques to develop innovative approaches to programming media arts works. Only consider developing self-managed cinema exhibition within the context of agreements with existing distributors.
2. Work with existing circuits (Ontario Film Circuit, Moving Images) to include artist made short films and videos ahead of features, and to program occasional compilations of the best independent artists. This would meet needs outside the major centres.
3. Be more proactive in approaching programmers to propose programs and to participate in the programming of experimental, documentary, and narrative compilation programs and retrospectives of individual artist's work. Ensure that programming by one exhibitor is promoted to the network of all the others since they often pick up programming ideas from each other.
4. Artist centre distributors and the arts councils should have a strong and vocal presence in the national debate to ensure Canadian presence on Canadian screens.

Recommendation 14: Establish a strategy for international marketing.

1. Engage a European agent to represent to international television (Europe, Africa, Middle East, Asia) a selection of the most marketable titles selected from all the distributors' collections.

2. Assign responsibilities for Canadian, U.S. and Latin America to sales agents operating on behalf of English and French distributors.
3. Ensure at least one of these sales representatives attends all key international television markets.
4. Utilize specialized Canadian companies as non-exclusive agents in specific developing markets such as India and South-East Asia.
5. Negotiate international projects and partnerships with Canadian and international media arts organizations.
6. Partner with international artist centres to bring international touring shows to Canada and Canadian touring shows internationally.
7. Develop strong working relationships with DFAIT Cultural Affairs Division and with individual cultural representatives in Canadian embassies abroad.
8. Streamline travel grants for artists to network at markets & festivals.
9. Research international distribution models to integrate best practices.
10. Research European and US venues, alternative arts circuits, and share research and contact information among all distributors.

Recommendation 15: Build a national media arts website.

1. Establish and promote a national bilingual Website with transaction capacity, which would act as a single source Internet window for information on titles available for sale and/or rental.
2. Include two-minute excerpts for preview purposes only.
3. Design architecture to take advantage of the strengths of the sites of individual distributors who would continue to be responsible for entering new title information and linking through the umbrella site.
4. Develop a national e-mail marketing strategy and manage campaigns on an integrated basis.

Recommendation 16: Council and the existing distributors should explore how best to deal with gaps in the system.

1. Distribution in Atlantic Canada.
2. The question of a specialized Aboriginal media arts distributor.
3. Distribution of media arts other than single-channel film and video.
4. Solutions should ensure that they make use of optimal pooling of existing resources rather than creation of completely stand-alone organizations.

Recommendation 17: Canada Council Media Arts Section should consider ways to improve its operations in the following domains:

1. Funding Programs - General
2. Operating Grant Program
3. Project Grant Program
4. Relationships
5. Proactivity

Recommendation 18: Collaborate to build awareness and visibility for the media arts.

1. Under the leadership of the Canada Council, develop a strategic visibility program and establish publicity resources to raise awareness of Canadian media arts
2. Market the idea of media arts, by getting articles and media coverage about works and artists written, published, web cast, or broadcast in influential media.
3. Market specific events, screenings and installations to cultural audiences in the general public by getting coverage in the alternative press as well as CBC & SRC and community radio.
4. Create an annual touring national survey show in collaboration with high profile museums and organize master classes at festival events
5. In association with Arts Councils negotiate annual television windows for selections of award winning media arts.
6. Move facilities whenever possible into higher profile cultural neighbourhoods in major cities.
7. Increase outreach to emerging (or isolated) artists on possibilities for distribution.
8. Participate with other cultural sector organizations, particularly in the film and video sector to raise policy issues with key government departments and agencies.

APPENDIX 2: INTERVIEW RESPONDENTS

Distributors

Canadian Filmmakers' Distribution Centre	Toronto	Deirdre Margaret Logue
Cinéma Libre	Montreal	Michel Gélinas
Groupe Intervention Vidéo	Montreal	Petunia Alves Anne Golden
Indo Canadian Film International	Montreal	Gotham Hooja
Lapsus	Paris	Esther Hoffenberg
Magic Lantern Group	Oakville	Pauline Weber George Wright
Moving Images Distribution Society	Vancouver	Michele Bjornson Sylvia Jonescu Lisitza Glynis Whiting
National Film Board of Canada	Montreal	Trevor Grigg Joanne Leduc Christian Ruel
Satellite Video Exchange Society (Video Out)	Vancouver	Krista Dahl Keith Haring Lauren Howes Rick Ward
Vtape	Toronto	Kim Tomczak
Vidéo Femmes	Quebec	Martine Beaurivage Francine Plante
Le Vidéographe Inc.	Montreal	Danielle Bélanger
Video Pool Inc.	Winnipeg	Alethea Lahofer Gabriel Schroedhter
Winnipeg Film Group	Winnipeg	Matthew Etches Victor Irvin Jerrett-Enns

Artists

Dana Claxton	Vancouver
John Greyson	Toronto
Oliver Hockenhull	Evanston, Indiana
Michael Hoolboom	Toronto
Anita McGee	St. Johns
Wayne Yung	Hamburg, Germany

Arts Organizations

Agence Topo	Montreal	Michel Lefebvre Eva Quintas
Association de création et diffusion sonores Avatar	Quebec	Émile Morin
DOC	Vancouver	Harry Sutherland
Independent Media Arts Alliance	Montreal	Peter Sandmark
Perte de Signal	Montreal	Robin Dupuis

End-Users

CBC – ZED	Vancouver	Sue Biely
Documentary Media Society (DOXA)	Vancouver	Kristine Anderson
Exchange Festival (NSI)	Winnipeg	Bill Evans
Herland Feminist Film and Video Festival	Calgary	Jaylene Scheible
Ottawa Public Library	Ottawa	Anne Archer Alison Blackburn
Pacific Cinematheque	Vancouver	Jim Sinclair
Plug-In Gallery	Winnipeg	Carol Phillips
St. John's Womens Film and Video Festival	St. John's	Sara Swain
Toronto Reel Asian Film Festival	Toronto	Sally Lee
TVOntario	Toronto	Rudy Buttignol
Vancouver Queer Film and Video Festival	Vancouver	Michael Barrett

Press

Playback	Toronto	Sean Davidson
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Agencies

Canada Council for the Arts	Ottawa	David Poole Zainub Verjee Claire McCaughey Mandy Heggveit Doug Sigurdson
Canadian Independent Film and Video Fund	Ottawa	Robin Jackson
Conseil des arts et des lettres du Québec	Montreal	Yvon Bergeron Françoise Jean
Ontario Arts Council	Toronto	Kelly Langgard Cynthia Lickers-Sage Carolyn Vesely
Ontario Media Development Corporation	Toronto	Len Pendergast James Weyman
Société de développement des entreprises culturelles	Montreal	Valeria Moro
Telefilm Canada	Montreal	Marilyn Burgess

**APPENDIX 3: STUDIES AND ARTICLES REFERENCED IN
PREPARATION OF THE REPORT**

The Culture Sector Labour Force 1991 to 2002, The Daily, Statistics Canada, January 13, 2004

Government Expenditures on Culture 2001-02, The Daily, Statistics Canada, January 7, 2003

Film, video and audio-visual production 2001, The Daily, December 19, 2003, Statistics Canada

Film, video and audio-visual distribution 2001-02, The Daily, December 15, 2003, Statistics Canada

Television Viewing Fall 2002, The Daily, November 21, 2003, Statistics Canada

Film, video and audio-visual distribution, The Daily, July 4, 2003, Statistics Canada

Film, Video and Audio-Visual Distribution and Videocassettes Wholesaling Survey, 2000, July 4, 2003, Culture Statistics Program, Statistics Canada Catalogue No. 87F0010XDB, ISSN:1708-1998

Counting Libraries: Reading Between the Lines, Focus on Culture, summer 1997, Statistics Canada

Media Arts Study and Profile: Phase 1 Final Report prepared by Hill Strategies, Funded by the Canada Council for the Arts and the Department of Canadian Heritage with the participation of the Independent Film and Video Alliance, May 2003

Overview Report on Issues and Concerns Regarding Operations of Production Centres in Media Arts, prepared by Josette Bélanger, Canada Council for the Arts, May 2003

Getting Real: An Economic Profile of the Canadian Documentary Production Industry prepared by Nordicity Group Ltd. for the Documentary Organization of Canada in conjunction with the Department of Canadian Heritage, National Film Board and the Ontario Media Development Corporation, June 2003

Profile 2004, prepared for CFTPA, January 2004

Our Cultural Sovereignty: The Second Century of Canadian Broadcasting, Standing Committee on Canadian Heritage, June 2003

Turning Up Digital TV in the UK, eMarketer, February 11, 2004

Digital Cable Market in Canada, eMarketer, 12 November 2003

Intel Says Chip Speed Breakthrough Will Alter Cyberworld, John Markoff in New York Times, February 11, 2004

Internet User Needs Research; Qualitative Research Results, prepared by Corporate Research Associates Inc. for National Film Board of Canada, March 1, 2001

National Study of Viewing Patterns of NFB Video Material, prepared by Leto Consulting for English Program Marketing, National Film Board of Canada, July 1998

Report on the Results of the Survey of End-Users of French-Language Non-Theatrical Audio-Visual Material in Canada, submitted by Denise Cordeau, sponsored by the Canadian Independent Film & Video Fund, August 2001

Audiovisual End Users Survey – English, prepared by Judith McCann & Associates for the Canadian Independent Film & Video Fund, 2001

The Canadian Independent Film and Video Industry: Economic Features and Foreign Investment Related to the Distribution Sector, prepared by Wall Communications Inc. for Canadian Heritage and Industry Canada, November 15, 1996

Television and Video in the Classroom, A Review of Survey Findings, prepared by Janet Stern for TVOntario, August 1995

Distribution Overview and Resulting Responses, Media Arts Section, Canada Council, May 1987

Analysis of the Domestic Feature Film Distribution Sector, prepared by Wall Communications Inc. for Department of Canadian Heritage, August 14, 2000

Canadians at the Movies: Attitudes and Behaviour Towards Canadian Cinema, prepared by Angus Reid Group Inc. for Department of Canadian Heritage

Feature Film Distribution: International Comparative Study, prepared by Judith McCann & Associates for Department of Canadian Heritage, August 2000

Statistiques sur l'industrie du film, édition 2003 published by Institut de la statistique du Québec

État des lieux des arts médiatiques au Québec en 2001 : Étude qualitative et quantitative des créateurs et des organismes indépendants en arts médiatiques au Québec, prepared by Le Conseil québécois des arts médiatiques, July 2001

APPENDIX 4: PROGRAM CRITERIA: ANNUAL ASSISTANCE TO DISTRIBUTION ORGANIZATIONS

The Canada Council for the Arts offers annual assistance to Canadian non-profit, artist-run media arts distribution organizations. Organizations must demonstrate a serious commitment to the distribution needs and interests of Canadian artists producing independent film, video, new media and audio artworks, by making their work accessible to the public and providing them with a financial return from the sale, rental and licensing of their work.

The Canada Council's priority is to support the distribution of independent work by Canadian media artists that is innovative in the themes and subjects it addresses, the point of view it expresses, and the aesthetic strategies it employs.

The Canada Council considers independent productions to be those over which the director/artist maintains complete creative and editorial control, and retains ownership of masters, printing elements and/or other original production materials.

Eligibility

To be eligible for annual funding, organizations must have been in operation for at least one year, be directed by a board of practising media artists, have an established administrative structure and be legally constituted as a Canadian, non-profit organization.

Organizations must demonstrate a clear and ongoing commitment to the distribution of Canadian independent film, video, new media or audio productions by artists as one of their principal activities. At least 50 percent of an organization's active distribution collection must be Canadian independent film, video, new media or audio productions by artists.

Organizations must demonstrate sound financial management as well as accountability to the artists whose work they distribute. Failure to pay amounts due to artists will normally result in loss of eligibility for grants for distribution.

Organizations must have a published acquisitions policy. They must obtain and honour written agreements with the artists whose work they distribute, setting out the specific distribution rights granted by the artists to the organization, and the terms and conditions under which such rights are granted.

Organizations that carry out activities other than distribution, or that are associated with any commercial enterprise, must prove through their financial records and incorporation documents that no support received under this program is used to assist such other activities or enterprises.

All Canada Council programs are accessible to Aboriginal arts organizations and arts organizations of diverse cultural and regional communities of Canada.

Value of Grant

The annual grant level approved by the Canada Council is normally maintained for two years. Assistance contributes to the direct costs of:

- distribution activities and services (including acquisition);
- promotional activities and services;
- administration.

How to Apply

Applicants are required to complete an application form, available from the Media Arts Section, and to submit all requested support material. The form and the support material are essential for the assessors, and the Media Arts Section may not accept applications it considers incomplete or inadequate.

Support Material

As part of their applications, organizations must submit copies of their most recent general catalogue, supplements and all promotional materials they have produced since they last applied to the Canada Council. In addition, organizations must submit examples of their distribution contracts with artists and, where applicable, their license agreements or sales contracts with clients.

Support material is an essential part of the application and will be studied carefully by the peer assessment committee.

Assessment of Applications

Assessment Process

All applications for annual assistance are reviewed for eligibility by Media Arts Section Officers. A peer assessment committee then makes a comparative analysis of all eligible applications. On the basis of the committee's recommendations, the Media Arts Section prepares grant recommendations which it presents to the Canada Council for the Arts Board.

The committee's recommendations are for a two-year period.

The peer assessment committee reserves the right to recommend grants for organizations not receiving annual assistance at present; to recommend an increase or decrease in existing grant levels for organizations currently receiving annual assistance; or to recommend that assistance to organizations be phased out.

The committee is made up of independent distribution specialists and media artists. Members are also selected to provide fair gender, both official languages, regional and cultural representation. Other factors that determine the composition of the committee are the experience and expertise of the individuals, their critical abilities, and their standing in the independent film, video, audio or new media arts communities in Canada.

Distribution organizations are invited to submit names of peers to serve on peer assessment committees. All names submitted are subject to review by the Canada Council for the Arts Media Arts Advisory Committee.

Assessment Criteria

The peer assessment committee evaluates all eligible applications for annual assistance in a comparative context, on the basis of the following criteria:

- the relevance of the organization's mandate and direction in making independent film, video, new media and audio productions by Canadian artists accessible to the public and in providing a financial return to artists;
- the organization's ongoing commitment to distributing innovative independent Canadian productions by artists, assessed in terms of its distribution history, the make-up of its active distribution collection and its acquisitions policy/practices;
- the strength and stability of the organization's administration;
- the quality and merit of the organization's distribution activities as they relate to its mandate and direction, and the extent to which the organization is accountable and responsible to the artists whose work it distributes;
- the quality and merit of the organization's marketing and promotional activities, and the extent to which the organization demonstrates an understanding of its intended markets;
- the extent to which the organization demonstrates sound financial management and viable budget projections, as shown in its financial reports and budget forecasts.

Notification of Results

Applicants will be notified of the results, by letter, within four months of the deadline. Results are not released over the telephone.

Other Programs of Support

The Media Arts Section provides support for short-term distribution projects through the Dissemination Project Grants program.

Through the Outreach Program: New Audience and Market Development Travel Assistance, travel grants are offered to programmers, curators and distributors to increase dissemination opportunities for Canadian artworks in Canada and abroad.

